

BAPTIST WORLD ALLIANCE

AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

For the years ended December 31, 2018 and 2017

BAPTIST WORLD ALLIANCE

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REPORT OF INDEPENDENT AUDITORS

To the Audit Committee
Baptist World Alliance
Falls Church, Virginia

We have audited the accompanying financial statements of the Baptist World Alliance (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free 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 Baptist World Alliance as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

UHY LLP

Columbia, Maryland
June 14, 2019

BAPTIST WORLD ALLIANCE
STATEMENTS OF FINANCIAL POSITION
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 952,031	\$ 784,487
Accounts receivable	6,688	18,423
Pledges receivable	100,000	50,000
Loans receivable	2,643	2,579
Due from departments	37,597	46,869
Prepaid expenses and other current assets	<u>153,962</u>	<u>130,720</u>
Total current assets	<u>1,252,921</u>	<u>1,033,078</u>
PROPERTY AND EQUIPMENT - net	<u>2,445,922</u>	<u>2,453,621</u>
INVESTMENTS		
Endowment fund investments	1,342,677	1,342,427
Other investments	<u>1,439,464</u>	<u>1,929,653</u>
Total investments	<u>2,782,141</u>	<u>3,272,080</u>
OTHER ASSETS		
Loans receivable, net of current portion	269,400	22,101
Beneficial interest in trusts	1,128,151	1,234,372
Pledges receivable, net of current portion	<u>-</u>	<u>49,505</u>
Total other assets	<u>1,397,551</u>	<u>1,305,978</u>
Total assets	<u><u>\$ 7,878,535</u></u>	<u><u>\$ 8,064,757</u></u>

See notes to financial statements.

	<u>2018</u>	<u>2017</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 56,441	\$ 63,822
Deferred revenue	29,142	5,684
	<u>85,583</u>	<u>69,506</u>
NON-CURRENT LIABILITIES		
Security deposits held for tenants	19,530	18,530
	<u>105,113</u>	<u>88,036</u>
NET ASSETS		
Without Donor Restrictions:		
Available for operations	131,563	286,557
Invested in property and equipment	2,445,922	2,453,621
Internally designated net assets	199,083	189,506
	<u>2,776,568</u>	<u>2,929,684</u>
With Donor Restrictions:		
Temporarily restricted for time and purpose	2,555,076	2,503,982
Permanently restricted: :		
Endowment funds	1,342,677	1,342,427
Beneficial interest in perpetual trusts	1,099,101	1,200,628
	<u>4,996,854</u>	<u>5,047,037</u>
Total net assets with donor restrictions	<u>4,996,854</u>	<u>5,047,037</u>
Total net assets	<u>7,773,422</u>	<u>7,976,721</u>
Total liabilities and net assets	<u>\$ 7,878,535</u>	<u>\$ 8,064,757</u>

BAPTIST WORLD ALLIANCE
STATEMENT OF ACTIVITIES
For the year ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Operations:			
Support and Revenue			
Contributions from member bodies	\$ 387,614	\$ 43,674	\$ 431,288
Combined federal campaign contributions	6,485	6,750	13,235
In-kind contributions	32,686	-	32,686
Contributions from churches, individuals and others	738,345	469,087	1,207,432
General council, conferences and other meeting income	231,372	-	231,372
Interest and dividends, net of fees	115,789	-	115,789
Distributions from beneficial interest in trusts	-	71,182	71,182
Rental income	303,775	-	303,775
Currency exchange loss	(2,964)	-	(2,964)
Miscellaneous	6,414	-	6,414
	<u>1,819,516</u>	<u>590,693</u>	<u>2,410,209</u>
Net assets released from restrictions	534,655	(534,655)	-
Total support and revenue	<u>2,354,171</u>	<u>56,038</u>	<u>2,410,209</u>
Expenses			
Program services:			
Strengthen Worship, Fellowship and Unity	279,453	-	279,453
Youth department	28,189	-	28,189
Lead in Mission and Evangelism and Advance Theological Reflection and Leadership	111,877	-	111,877
Respond through Aid, Relief and Community Development	384,797	-	384,797
Defend Religious Freedom, Human Rights and Justice	56,561	-	56,561
Supporting the program services:			
Executive office	334,392	-	334,392
Communications	150,075	-	150,075
Ministry support	104,210	-	104,210
Advancement	106,859	-	106,859
Total program services	<u>1,556,413</u>	<u>-</u>	<u>1,556,413</u>
Supporting services:			
Administration	428,967	-	428,967
Fundraising	132,699	-	132,699
Tenants	142,550	-	142,550
Total expenses	<u>2,260,629</u>	<u>-</u>	<u>2,260,629</u>
Change in Net Assets from Operations	<u>93,542</u>	<u>56,038</u>	<u>149,580</u>
Non-operating gains (losses)			
Realized and unrealized losses	(246,658)	-	(246,658)
Change in value of beneficial interests	-	(106,221)	(106,221)
Total non-operating losses	<u>(246,658)</u>	<u>(106,221)</u>	<u>(352,879)</u>
Change in Net Assets	<u>(153,116)</u>	<u>(50,183)</u>	<u>(203,299)</u>
Net Assets, Beginning	<u>2,929,684</u>	<u>5,047,037</u>	<u>7,976,721</u>
Net Assets, Ending	<u>\$ 2,776,568</u>	<u>\$ 4,996,854</u>	<u>\$ 7,773,422</u>

BAPTIST WORLD ALLIANCE
STATEMENT OF ACTIVITIES
For the year ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
Operations:			
Support and Revenue			
Contributions from member bodies	\$ 397,737	\$ 56,550	\$ 454,287
Combined federal campaign contributions	6,559	6,657	13,216
In-kind contributions	27,950	-	27,950
Contributions from churches, individuals and others	617,241	701,564	1,318,805
General council, conferences and other meeting income	123,151	-	123,151
Interest and dividends, net of fees	51,160	52,422	103,582
Distributions from perpetual trusts	-	67,792	67,792
Rental income	289,578	-	289,578
Currency exchange gain	8,123	-	8,123
Miscellaneous	460	-	460
	<u>1,521,959</u>	<u>884,985</u>	<u>2,406,944</u>
Net assets released from restrictions	<u>745,655</u>	<u>(745,655)</u>	<u>-</u>
Total support and revenue	<u>2,267,614</u>	<u>139,330</u>	<u>2,406,944</u>
Expenses			
Program services:			
Strengthen Worship, Fellowship and Unity	232,034	-	232,034
Youth department	29,752	-	29,752
Lead in Mission and Evangelism and Advance Theological Reflection and Leadership	133,345	-	133,345
Respond through Aid, Relief and Community Development	470,009	-	470,009
Defend Religious Freedom, Human Rights and Justice	61,505	-	61,505
Supporting the program services:	-	-	-
Executive office	362,727	-	362,727
Communications	224,996	-	224,996
Ministry support	97,472	-	97,472
Advancement	84,622	-	84,622
Total program services	<u>1,696,462</u>	<u>-</u>	<u>1,696,462</u>
Supporting services:			
Administration	477,493	-	477,493
Fundraising	119,554	-	119,554
Tenants	127,195	-	127,195
Total expenses	<u>2,420,704</u>	<u>-</u>	<u>2,420,704</u>
Change in Net Assets from Operations	<u>(153,090)</u>	<u>139,330</u>	<u>(13,760)</u>
Non-operating gains			
Realized and unrealized gains	152,335	161,585	313,920
Change in value of beneficial interests	-	76,632	76,632
Total non-operating gains	<u>152,335</u>	<u>238,217</u>	<u>390,552</u>
Change in Net Assets	<u>(755)</u>	<u>377,547</u>	<u>376,792</u>
Net Assets, Beginning	<u>2,930,439</u>	<u>4,669,490</u>	<u>7,599,929</u>
Net Assets, Ending	<u>\$ 2,929,684</u>	<u>\$ 5,047,037</u>	<u>\$ 7,976,721</u>

BAPTIST WORLD ALLIANCE
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2018

PROGRAM SERVICES

	Worship	Youth Department	Mission and Evangelism	Aid	Justice
Salaries, including housing allowance	\$ 11,143	\$ 5,155	\$ 33,010	\$ 21,504	\$ 23,913
Payroll taxes	801	400	948	1,655	948
Pension plan contributions	1,272	1,272	2,926	3,892	2,926
Other employee benefits	3,773	3,773	2,896	3,838	2,896
Postage and shipments	-	-	518	-	-
Telephone, facsimile and internet	563	563	1,282	1,685	1,282
Supplies and materials	302	180	801	593	410
Printing	-	-	-	-	-
Office equipment and computer costs	2,987	5,993	7,243	8,995	6,806
Printing and mailing of "Baptist World"	-	-	-	-	-
Other publications and web	-	-	375	-	-
Advertising	-	-	-	-	-
President's travel	-	-	-	-	-
Travel of staff and others	4,831	1,710	4,744	-	2,256
Conferences and meetings	187,479	-	9,081	-	-
Hospitality	50	-	-	502	612
Professional fees	50	-	-	2,100	279
Subscriptions, dues and literature	-	-	-	-	-
Other fees	195	195	445	585	445
Building maintenance and utilities	4,820	4,339	7,026	9,805	7,113
Taxes	-	-	-	-	-
Insurance	730	822	891	1,245	898
Depreciation	3,457	3,112	5,039	7,036	5,102
Grants to regions	57,000	-	-	-	-
Grants	-	675	34,652	321,362	675
Donated materials	-	-	-	-	-
Total	\$ 279,453	\$ 28,189	\$ 111,877	\$ 384,797	\$ 56,561

PROGRAM SERVICES

SUPPORTING SERVICES

Supporting the Programs				Total Program Services	Supporting Services			Total
Executive Office	Communi- cations	Ministry Support	Advancement		Adminis- tration	Fundraising	Tenants	
\$ 127,086	\$ 50,348	\$ 43,413	\$ 46,178	\$ 361,750	\$ 244,686	\$ 53,604	\$ 29,384	\$ 689,424
1,271	1,047	3,269	3,395	13,734	13,522	2,649	2,193	32,098
18,782	9,852	8,872	6,477	56,271	35,517	7,731	-	99,519
15,005	19,853	11,853	830	64,717	50,774	2,715	5,130	123,336
2,002	75	1,177	2,289	6,061	-	-	-	6,061
1,110	1,079	1,170	607	9,341	4,571	599	-	14,511
1,196	345	1,325	5,929	11,081	1,461	191	-	12,733
3,295	-	-	600	3,895	-	-	-	3,895
5,480	5,731	7,144	3,540	53,919	24,260	3,178	-	81,357
-	33,831	-	-	33,831	-	-	-	33,831
2,297	5,436	-	2,520	10,628	665	3,500	-	14,793
-	-	-	12,023	12,023	-	53,970	-	65,993
11,146	-	-	-	11,146	-	-	-	11,146
28,199	8,409	2,126	-	52,275	-	-	-	52,275
23,653	-	-	2,927	223,140	-	-	-	223,140
4,471	813	851	6,110	13,409	-	-	-	13,409
-	320	-	678	3,427	20,369	-	1,398	25,194
232	-	211	-	443	-	-	-	443
618	375	485	211	3,554	15,438	1,963	-	20,955
13,056	6,805	12,319	6,114	71,397	9,888	1,453	44,358	127,096
-	-	-	-	-	-	-	22,368	22,368
1,333	875	1,159	700	8,653	722	106	2,923	12,404
9,365	4,881	8,836	4,386	51,214	7,094	1,040	34,796	94,144
-	-	-	-	57,000	-	-	-	57,000
64,795	-	-	-	422,159	-	-	-	422,159
-	-	-	1,345	1,345	-	-	-	1,345
<u>\$ 334,392</u>	<u>\$ 150,075</u>	<u>\$ 104,210</u>	<u>\$ 106,859</u>	<u>\$ 1,556,413</u>	<u>\$ 428,967</u>	<u>\$ 132,699</u>	<u>\$ 142,550</u>	<u>\$ 2,260,629</u>

BAPTIST WORLD ALLIANCE
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2017

PROGRAM SERVICES

	<u>Worship</u>	<u>Youth Department</u>	<u>Mission and Evangelism</u>	<u>Aid</u>	<u>Justice</u>
Salaries, including housing allowance	\$ 8,492	\$ 8,492	\$ 32,102	\$ 24,150	\$ 31,359
Payroll taxes	641	641	1,438	1,831	1,438
Pension plan contributions	1,272	1,272	3,192	3,892	3,192
Other employee benefits	2,894	2,894	2,978	3,826	2,978
Postage and shipments	9	9	23	180	20
Telephone, facsimile and internet	623	623	1,435	1,867	1,420
Supplies and materials	185	198	367	496	612
Printing	-	-	-	-	-
Office equipment and computer costs	2,643	2,647	6,242	7,983	6,022
Printing and mailing of "Baptist World"	-	-	-	-	-
Other publications and web	-	-	340	-	135
Advertising	-	-	-	-	-
President's travel	-	-	-	-	-
Travel of staff and others	2,251	-	3,793	1,600	-
Conferences and meetings	113,634	-	12,224	-	-
Hospitality	150	-	91	-	-
Professional fees	-	-	-	-	-
Subscriptions, dues and literature	50	-	1,345	2,100	-
Other fees	223	223	508	668	508
Building maintenance and utilities	4,714	4,244	6,873	9,911	6,957
Taxes	-	-	-	-	-
Insurance	1,108	1,190	1,236	1,527	1,241
Depreciation	3,334	3,001	4,860	7,008	4,920
Grants to regions	89,811	-	-	-	-
Grants	-	4,318	54,298	402,970	703
Donated materials	-	-	-	-	-
Total	<u>\$ 232,034</u>	<u>\$ 29,752</u>	<u>\$ 133,345</u>	<u>\$ 470,009</u>	<u>\$ 61,505</u>

PROGRAM SERVICES

SUPPORTING SERVICES

Supporting the Programs				Total Program Services	Supporting Services				Total
Executive Office	Communi- cations	Ministry Support	Advancement		Adminis- tration	Fundraising	Tenants		
\$ 149,089	\$ 82,342	\$ 42,205	\$ 37,846	\$ 416,077	\$ 287,847	\$ 50,425	\$ 28,409	\$ 782,758	
2,004	871	3,175	2,811	14,850	17,229	2,327	2,096	36,502	
24,953	15,256	8,872	6,207	68,108	42,191	8,470	-	118,769	
19,528	28,775	10,143	1,411	75,427	50,747	3,548	5,009	134,731	
1,851	125	1,077	4,801	8,095	71	12	-	8,178	
1,155	1,215	1,307	674	10,319	5,060	663	-	16,042	
565	295	527	1,120	4,365	1,249	163	-	5,777	
304	-	-	-	304	-	-	-	304	
5,147	5,429	5,820	3,751	45,684	21,465	2,812	-	69,961	
-	64,084	-	-	64,084	-	-	-	64,084	
2,771	5,130	-	1,988	10,364	-	3,500	-	13,864	
-	-	-	6,640	6,640	-	44,087	-	50,727	
14,307	-	-	-	14,307	-	-	-	14,307	
46,113	8,219	1,834	777	64,587	-	-	-	64,587	
3,855	-	-	21	129,734	-	-	-	129,734	
2,894	-	391	18	3,544	-	-	-	3,544	
-	-	-	-	-	21,403	-	1,398	22,801	
81	240	-	395	4,211	-	-	-	4,211	
438	428	474	241	3,711	13,143	1,037	-	17,891	
12,853	6,656	12,129	5,981	70,318	9,672	1,421	37,882	119,293	
-	-	-	-	-	-	-	21,767	21,767	
1,592	1,223	941	575	10,633	575	85	2,328	13,621	
9,090	4,708	8,577	4,230	49,728	6,841	1,004	28,306	85,879	
-	-	-	-	89,811	-	-	-	89,811	
64,137	-	-	-	526,426	-	-	-	526,426	
-	-	-	5,135	5,135	-	-	-	5,135	
<u>\$ 362,727</u>	<u>\$ 224,996</u>	<u>\$ 97,472</u>	<u>\$ 84,622</u>	<u>\$ 1,696,462</u>	<u>\$ 477,493</u>	<u>\$ 119,554</u>	<u>\$ 127,195</u>	<u>\$ 2,420,704</u>	

BAPTIST WORLD ALLIANCE
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities		
Cash received from:		
Contributions from member bodies	\$ 431,288	\$ 454,287
Combined federal campaign contributions	13,235	13,216
Contributions from churches, individuals and others	1,227,694	1,353,725
General council, conferences and other meeting income	254,830	114,085
Interest and dividends	115,789	103,582
Beneficial interest distributions	71,182	67,792
Rental income and miscellaneous	310,189	290,245
	<u>2,424,207</u>	<u>2,396,932</u>
Cash paid for:		
Personnel costs	(951,234)	(1,088,152)
Grants	(479,159)	(616,237)
Goods, services and meetings	(764,370)	(659,593)
Beneficial interest in trusts purchases	-	(175,356)
	<u>(2,194,763)</u>	<u>(2,539,338)</u>
Net cash provided (used) by operating activities	<u>229,444</u>	<u>(142,406)</u>
Cash Flows from Investing Activities		
Purchases of property and equipment	(55,104)	(15,558)
Purchases of investments	(6,719)	(115,900)
Proceeds from sales of investments	250,000	117,143
Cash paid for loan receivable	(250,000)	(5,000)
Loan repayments received	2,637	2,394
	<u>(59,186)</u>	<u>(16,921)</u>
Net cash used by investing activities	<u>(59,186)</u>	<u>(16,921)</u>
Cash Flows from Financing Activities		
Cash contributions received and restricted for endowment funds	250	25,250
	<u>250</u>	<u>25,250</u>
Effect of Exchange Rate Changes on Cash	<u>(2,964)</u>	<u>8,123</u>
Net Change in Cash and Cash Equivalents	<u>167,544</u>	<u>(125,954)</u>
Cash and Cash Equivalents, Beginning	<u>784,487</u>	<u>910,441</u>
Cash and Cash Equivalents, Ending	<u>\$ 952,031</u>	<u>\$ 784,487</u>

Supplemental Disclosure:

During 2018, BWA disposed on fully depreciated equipment of \$26,548 and capitalized donated building improvements of \$31,341.

BAPTIST WORLD ALLIANCE
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2018 and 2017

NOTE 1 - DESCRIPTION OF ORGANIZATION

The Baptist World Alliance (BWA) is the worldwide fellowship of Baptists called together by the Holy Spirit to express the essential unity of Baptist people in the Lord Jesus Christ.

As people of God, and through its ministries and programs, the Baptist World Alliance proclaims the Gospel, meets human need, strengthens fellowship, promotes evangelism, education and church development, stimulates cooperative actions, and serves as a prophetic voice for human rights and religious freedom.

Descriptions of the program services are as follows:

Strengthen Worship, Fellowship and Unity: Centered in Jesus Christ and rooted in deep spiritual life, BWA strengthens our worldwide family through ongoing gatherings, pastoral presence, mutual friendships, and the cultivation of worship, fellowship and unity. BWA hosts the most internationally diverse Baptist annual gathering in the world, touching thousands of lives through each five year quinquennial celebration. BWA also produces resources and leadership initiatives that promote worship, fellowship and unity.

Lead in Mission and Evangelism: Compelled by the Great Commission, BWA leads with a passionate commitment to Gospel witness in every context and people group, fosters multidirectional partnerships that connect individuals and churches, and encourages global mission and evangelism. BWA provides churches and pastors with resources for context-appropriate gospel sharing. In the past 20+ years, BWA has held more than 25 events in 25 countries, trained more than 4,700 registrants and affected tens of thousands, including supporting church planting and indigenous evangelistic, outreach programs.

Advance Theological Reflection and Transformational Leadership: Called to discipleship, BWA advances multicultural and multilingual training, empowers next generation leaders, encourages meaningful dialogue and praxis, and engages in relevant theological reflection and transformational leadership.

Respond through Aid, Relief and Community Development (a/k/a Baptist World Aid): Challenged to generously love our neighbor, BWA responds to people in need, collaborates in times of crisis, networks with other agencies, supports sustainability and creation care, builds capacity, empowers local church engagement and provides aid, relief, and community development. Baptist World Aid (BWAid) puts resources in the hands of Baptist churches and organizations around the world so they may pursue empowered, holistic transformation. BWAid has distributed initiatives for emergency shelter, refugee assistance, hunger and water relief, agriculture and husbandry developments, natural disaster responses, skill training projects and education. BWAid serves people in need regardless of their ethnicity, gender, caste, color or religion.

BAPTIST WORLD ALLIANCE
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2018 and 2017

NOTE 1 - DESCRIPTION OF ORGANIZATION (Continued)

Defend Religious Freedom, Human Rights and Justice: Committed to a biblical understanding of the image of God in every person, BWA defends an ethic of life, supports religious freedom for all, stands in solidarity with the marginalized, advocates at every level, trains and networks proactively, and mobilizes for religious freedom, human rights, and justice.

In addition, the following departments actively support all of the above programs throughout the year:

Executive Office – coordinates, administers and executes programs, which help to support positive relationships within BWA and between BWA and its member bodies and related organizations.

Communications – seeks to validate the perception of BWA as playing a key role in the life of the worldwide Baptist community. It positions BWA as a unique organization that truly reflects and represents Baptist life, thought, belief and unity.

Ministry Support – manages the financial activities of BWA in a manner designed to protect the assets, meet reporting requirements and effectively accomplish the financial stewardship responsibilities of BWA.

Advancement – oversees promotional events and the creation and distribution of materials designed to inform and inspire donors and potential donors.

Descriptions of the supporting services are as follows:

Administration – activities necessary to secure proper administrative functioning of the governing board, to maintain an adequate working environment, and to manage the financial responsibilities which include business management, human resources, record-keeping, budgeting, building management, and related administrative activities.

Fundraising – activities include soliciting contributions from member bodies, churches, individuals and others to provide the structure necessary to encourage and secure financial support for BWA's programs and operations.

Tenants – activities include managing the tenant rental agreements for the additional office space in the headquarters building located in Falls Church, Virginia which is rented to other nonprofits or small businesses.

BAPTIST WORLD ALLIANCE
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2018 and 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Measure of Operations

BWA has presented the Statements of Activities based on an intermediate measure of operations. The change in net assets from operations includes all revenue and expenses that are an integral part of BWA's programs and supporting activities and net assets released from restrictions to support operating expenditures. The measure of operations includes support for operating activities from both net assets with donor restrictions and net assets without donor restrictions. The measure of operations excludes the realized and unrealized net appreciation in fair value of investments and the change in value of beneficial interests.

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support and revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include amounts invested in short-term investments with original maturities of 90 days or less or designated for use in operations. Cash and cash equivalents held by an investment custodian to facilitate investment transactions or for investment are included in investments in the Statements of Financial Position.

Foreign Currencies

All amounts in the accompanying financial statements are expressed in United States dollars. Foreign currencies (Euros/Pounds) received which were not immediately exchanged for U.S. dollars and foreign currencies disbursed have been translated to U.S. dollar equivalents at an average exchange rate for the year.

BAPTIST WORLD ALLIANCE
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2018 and 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Receivables are valued at management’s estimate of the amount that will ultimately be collected. The allowance for doubtful accounts is based on specific identification of uncollectible accounts and BWA’s historical collection experience. All receivables are considered to be fully collectible at December 31, 2018 and 2017, and as such, no allowance for doubtful accounts has been provided for in the financial statements.

Pledges Receivable

Unconditional promises to give are recognized as revenue or gains in the period the promise is received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Promises made to BWA for future contributions expected to be fully collectible are recorded as pledges receivable and as revenue at the value of such future payments. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. The discount will be recognized as contribution revenue in future fiscal years as the discount is amortized over the duration of the contributions.

Property and Equipment

BWA follows the practice of capitalizing the cost of all major additions of property and equipment while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are expensed immediately. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which are as follows:

Building and improvements	20 - 40 years
Furniture and fixtures	10 years
Equipment and software	3 - 8 years

Investments

The investments of BWA consist of amounts invested in group or pooled investment funds managed by various Baptist Foundations which invest these funds in readily marketable securities. The net asset value of each of these funds is calculated at least monthly by the fund management based on quoted market values of the underlying securities of the pools.

BAPTIST WORLD ALLIANCE
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2018 and 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

BWA may redeem amounts from its share of the pooled funds at the latest calculated net asset value by giving the fund proper notice. In all cases the required notice is 30 days or less. Accordingly BWA carries its investments at their fair value based on these calculated net asset values which are considered to be unobservable inputs (Level 3) in the fair value measurement hierarchy.

Investments may also include donated stock that is not immediately sold. All investments are carried at their fair value as of the date of the Statements of Financial Position, which may differ from the amount ultimately realized at the time of sale. Realized and unrealized gains and losses are reflected in the Statements of Activities. The cost of investments sold is determined by the specific identification method.

Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect account balances and the amounts reported in the accompanying financial statements.

Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to the unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- *Level 1:* Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date (e. g., equity securities traded on the New York Stock Exchange).
- *Level 2:* Level 2 inputs are from other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly (e. g., quoted market prices of similar assets or liabilities in active markets, or quoted market prices for identical or similar assets or liabilities in markets that are not active).
- *Level 3:* Level 3 inputs are unobservable (e. g., a company's own data) and should be used to measure fair value to the extent that observable inputs are not available.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of the observable inputs and minimize the use of the unobservable inputs.

BAPTIST WORLD ALLIANCE
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2018 and 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Beneficial Interest in Trusts

The beneficial interest in trusts consists of permanently restricted perpetual trusts with donor restrictions held by the Arkansas Baptist Foundation (ABF) and the Virginia Baptist Foundation (VBF). The charitable remainder trusts held by the Kentucky Baptist Foundation (KBF) are presented as temporarily donor restricted due to the time restrictions during the donor's lifetime.

BWA receives annually a portion of the capital appreciation, interest, and dividends earned by ABF and VBF. With respect to ABF only, distributions in excess of the allotted portion of interest, dividends and capital appreciation may be made to BWA in any year as determined by the ABF.

All unrealized gains of ABF and VBF are classified as permanently restricted net assets with donor restrictions. Unrealized gains of KBF are temporarily restricted net assets with donor restrictions.

Net Assets

Net assets, revenue, gains, and losses are classified based on the existence or absence of contributions with donor-imposed restrictions. Accordingly, net assets of BWA and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets available for general use and not subject to donor restrictions. Net assets without donor restrictions also include BWA's investment in property and equipment, net of accumulated depreciation. BWA's General Council and/or its Committees may internally designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

Net assets with donor restrictions - Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. BWA reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting BWA to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or the provisions of an approved spending policy.

See Note 9 for more information on the composition of net assets with donor restrictions.

BAPTIST WORLD ALLIANCE
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2018 and 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Administration Fees

A one-time administrative fee on all contributions with donor restrictions received (excluding endowment funds, building funds, funds for support of regional fellowships, and in-kind contributions) is charged to help cover the administrative expenses of handling such donor restricted assets. In 2018 and 2017, the administrative fee was 20% and 10%, respectively. A percentage of these administrative fees has been designated for scholarships provided by the Program of Assistance for Travel and Hospitality (PATH), which was two percent in 2018 and one percent in 2017. These fees are reported as a release from the net assets with donor restrictions to net assets without donor restrictions.

Endowment Funds

The State of Virginia enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) on July 1, 2008. BWA applies the provisions of UPMIFA for its endowment funds.

Revenue Recognition

Contributions received are reported as revenue in the year notification is received from donor. Contributions are reported as either revenues without donor restrictions or revenues with donor restrictions. Conference and other meeting revenue and expenses are recognized during the year in which the conference occurs. Interest and dividends are recognized as revenue in the year in which it is earned. Rental income is recognized on a straight-line basis over the term of the lease.

In-kind Contributions

A substantial number of volunteers have donated significant amounts of time to BWA's program services. Donated services generally are not recorded because in most cases they do not meet the criteria for recognition. Donated services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated professional services, which meet the criteria, are recorded at the fair market value of the services received. Donated investments are recorded at fair value on the date of the donation.

BAPTIST WORLD ALLIANCE
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2018 and 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The Statements of Functional Expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Certain costs have been allocated among the programs and supporting services benefited. Personnel costs and related expenses are allocated on the basis of estimates of time and effort while building and maintenance expenses are allocated based on square footage assigned to a functional area.

Advertising Costs

Advertising costs are expensed in the period in which they are incurred and are included in the Statements of Functional Expenses. Advertising expense for the years ended December 31, 2018 and 2017 was \$65,993 and \$50,727, respectively.

Reclassifications

Certain accounts in the 2017 financial statements have been reclassified to conform with the current year financial statement presentation.

New Accounting Pronouncements Adopted

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. In addition, ASU 2016-14 removes the requirement that not-for-profit entities that chose to prepare the statements of cash flows using the direct method must also present a reconciliation (the indirect method). BWA has adopted this ASU as of and for the year ended December 31, 2018 and has chosen to present its statements of cash flows using the direct method.

BAPTIST WORLD ALLIANCE
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2018 and 2017

NOTE 3 - PLEDGES RECEIVABLE

The following is a schedule of pledges receivable at December 31:

	<u>2018</u>	<u>2017</u>
Due in less than one year	\$ 100,000	\$ 50,000
Due in one to five years	<u>-</u>	<u>50,000</u>
Total	100,000	100,000
Less discounts to net present value (1%)	<u>-</u>	<u>(495)</u>
Net pledges receivable	100,000	99,505
Less current portion	<u>(100,000)</u>	<u>(50,000)</u>
Long-term portion	<u>\$ -</u>	<u>\$ 49,505</u>

NOTE 4 - LOANS RECEIVABLE

In 2018, BWA provided a \$250,000 loan to an officer. The loan is collateralized by the officer's principal residence. Interest only payments are due until August 31, 2029. The loan includes an adjustable rate rider allowing for changes in the interest rate and monthly payment. The loan has an initial rate of 3.0% and interest only payments. The interest may be changed by BWA on the following change dates: August 1, 2021, August 1, 2024, and August 1, 2027. The interest rate cannot be increased or decreased on these change dates by more than 3.0% points from the initial interest rate and the interest rate shall not exceed 8.0%.

BWA has provided a loan to a former employee. The interest on the loan is 4.11% with monthly principal and interest payments of \$200 due until March 2020. The unpaid principal balance on this loan as of December 31, 2018 and 2017 was \$18,971 and \$20,604, respectively.

BWA has also provided a five year interest free loan to one of its tenants with monthly principal payments of \$84 until January 31, 2022. The unpaid principal balance on the loan as of December 31, 2018 and 2017 was \$3,072 and \$4,076, respectively.

Principal payments on the loans receivable are due as follows: 2019 - \$2,643, 2020 - \$18,344, 2021 - \$1,008, 2022 - \$48 and 2029 - \$250,000.

BAPTIST WORLD ALLIANCE
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2018 and 2017

NOTE 5 - DUE FROM DEPARTMENTS

BWA has separate Women’s and Men’s Departments which are affiliated with BWA but have their own bylaws, officers and governing bodies. In addition, they each have funds in accounts separate from those held by BWA. For these reasons, the amounts received and disbursed for these affiliated departments are not included as revenue and expenses of the BWA in the accompanying financial statements. The balance due from the Women’s Department of the BWA as of December 31, 2018 and 2017 was \$37,597 and \$46,869, respectively.

During 2018, BWA signed a memorandum of understanding (the memo) with the Women’s Department of the BWA. The memo outlines that BWA will apply \$8,000 per year as a reduction to the balance due for three years in exchange for services. BWA reported this amount in grant expense for the year ended December 31, 2018.

NOTE 6 - PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at December 31:

	<u>2018</u>	<u>2017</u>
Building and improvements	\$ 2,273,029	\$ 2,208,340
Furniture, fixtures, equipment and software	<u>370,770</u>	<u>375,562</u>
	2,643,799	2,583,902
Less: accumulated depreciation	<u>(1,372,277)</u>	<u>(1,304,681)</u>
Net book value of depreciable property and equipment	1,274,522	1,279,221
Land	<u>1,174,400</u>	<u>1,174,400</u>
Property and equipment - net	<u>\$ 2,445,922</u>	<u>\$ 2,453,621</u>

Depreciation expense for the years ended December 31, 2018 and 2017 totaled \$94,144 and \$85,879, respectively.

BAPTIST WORLD ALLIANCE
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2018 and 2017

NOTE 7 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

The following are the major categories of assets measured at fair value on a recurring basis as of December 31, 2018 and 2017, using quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3).

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2018</u>				
Pooled investment funds	\$ -	\$ -	\$ 2,782,141	\$ 2,782,141
Beneficial interest in trusts	<u>-</u>	<u>-</u>	<u>1,128,151</u>	<u>1,128,151</u>
Total assets measured at fair value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,910,292</u>	<u>\$ 3,910,292</u>
<u>December 31, 2017</u>				
Pooled investment funds	\$ -	\$ -	\$ 3,272,080	\$ 3,272,080
Beneficial interest in trusts	<u>-</u>	<u>-</u>	<u>1,234,372</u>	<u>1,234,372</u>
Total assets measured at fair value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,506,452</u>	<u>\$ 4,506,452</u>

Gains and losses (realized and unrealized) for Level 3 assets included in the change in net assets are presented in the Statements of Activities as follows for the years ended December 31:

	<u>2018</u>	<u>2017</u>
Total gains and losses included in the change in net assets for the year	<u>\$ (352,879)</u>	<u>\$ 386,567</u>
Change in unrealized gains relating to net assets still held at year end	<u>\$ (352,879)</u>	<u>\$ 386,567</u>

Fair values for assets in Level 3 are calculated using net asset value techniques. There were no changes in the valuation techniques during the current year. Transfers in (out) are reported as of the end of the reporting period.

BAPTIST WORLD ALLIANCE
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2018 and 2017

NOTE 7 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

	Balance at January 1, 2018	2018			Balance at December 31, 2018
		Realized/ Unrealized Gain (Loss)	Purchases	Sales	
Investments:					
ABF Stock Fund	\$ 409,465	\$ (57,692)	\$ -	\$ -	\$ 351,773
Higher Ground Advisors					
Endowment Fund Summit	1,423,462	(125,820)	6,719	-	1,304,361
Higher Ground Advisors Cash	516,217	-	-	(250,000)	266,217
SBF Growth Fund	831,484	(60,000)	-	-	771,484
SBF Flexible Fund	91,452	(3,146)	-	-	88,306
	<u>\$ 3,272,080</u>	<u>\$ (246,658)</u>	<u>\$ 6,719</u>	<u>\$ (250,000)</u>	<u>\$ 2,782,141</u>
Beneficial interest in trusts:					
VBF Greenwood Charitable					
Fund	\$ 28,780	\$ (2,783)	\$ -	\$ -	\$ 25,997
ArkBF Cobb and Warren Funds	990,806	(86,332)	-	-	904,474
KBF Winchester Fund #1	12,581	(1,616)	-	-	10,965
KBF Winchester Fund #2	4,237	(632)	-	-	3,605
KBF Patterson Fund	16,926	(2,447)	-	-	14,479
KBF Tassie Fund	181,042	(12,411)	-	-	168,631
	<u>\$ 1,234,372</u>	<u>\$ (106,221)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,128,151</u>
	Balance at January 1, 2017	2017			Balance at December 31, 2017
		Realized/ Unrealized Gain (Loss)	Purchases	Sales	
Investments:					
ABF Stock Fund	\$ 352,464	\$ 57,001	\$ -	\$ -	\$ 409,465
Higher Ground Advisors					
Endowment Fund Summit	1,183,796	123,821	115,845	-	1,423,462
Higher Ground Advisors Cash	516,217	-	-	-	516,217
SBF Growth Fund	702,291	129,193	-	-	831,484
SBF Flexible Fund	91,532	(80)	-	-	91,452
	<u>\$ 2,846,300</u>	<u>\$ 309,935</u>	<u>\$ 115,845</u>	<u>\$ -</u>	<u>\$ 3,272,080</u>
Beneficial interest in trusts:					
VBF Greenwood Charitable					
Fund	\$ 25,044	\$ 3,736	\$ -	\$ -	\$ 28,780
ArkBF Cobb and Warren Funds	933,362	57,444	-	-	990,806
KBF Winchester Fund #1	9,686	2,895	-	-	12,581
KBF Winchester Fund #2	-	431	3,806	-	4,237
KBF Patterson Fund	14,292	2,634	-	-	16,926
KBF Tassie Fund	-	9,492	171,550	-	181,042
	<u>\$ 982,384</u>	<u>\$ 76,632</u>	<u>\$ 175,356</u>	<u>\$ -</u>	<u>\$ 1,234,372</u>

BAPTIST WORLD ALLIANCE
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2018 and 2017

NOTE 7 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Investment income is comprised of the following for the years ended December 31:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 115,789	\$ 103,582
Distributions from perpetual trusts	71,182	67,792
Net realized gains	-	167
Net unrealized gains	<u>(246,658)</u>	<u>313,753</u>
	<u>\$ (59,687)</u>	<u>\$ 485,294</u>

NOTE 8 - NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are available to finance the general operations of BWA. The only limits on the use of these assets are the broad limits resulting from the nature of BWA, the environment in which it operates, and the purpose specified in its constitution. Voluntary resolutions by BWA's General Council and/or its Committees to designate a portion of its net assets without donor restrictions for specific purposes do not result in net assets with donor restrictions. Since designations are voluntary and may be reversed at any time, internally-designated net assets are included under the caption "without donor restrictions".

BWA's net assets without donor restrictions is comprised of undesignated and internally designated amounts at December 31:

	<u>2018</u>	<u>2017</u>
Available for operations	<u>\$ 131,563</u>	<u>\$ 286,557</u>
Invested in property and equipment	<u>2,445,922</u>	<u>2,453,621</u>
Internally designated:		
BWA reserve for special projects	20,000	-
400 Legacy Fund	58,200	58,200
Bequests	49,136	48,653
Building Reserve	35,867	35,867
Staff Relocation Fund	11,058	32,780
PATH	14,745	3,929
Hillhouse Aid Fund	<u>10,077</u>	<u>10,077</u>
Total internally designated	<u>199,083</u>	<u>189,506</u>
Total net assets without donor restrictions	<u>\$ 2,776,568</u>	<u>\$ 2,929,684</u>

BAPTIST WORLD ALLIANCE
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2018 and 2017

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net asset with donor restrictions result from gifts of cash, assets donated with stipulations that they be invested to provide a permanent source of income (endowment funds), or assets such as land or works of art donated with stipulations that they be preserved and not be sold. Donations received in response to an appeal for funds or contribution to be used for a specified purpose are also considered to be restricted funds. Earnings on some endowment funds are to be used for specified purposes and thus are additions to net assets with donor restrictions. Earnings on other endowment funds are available for general operations once they have been appropriated for expenditure and thus are included in investment income net assets with donor restrictions until appropriated.

Net assets with donor restrictions are released from restrictions when the specified date passes or amounts are expended for the purpose specified. BWA's net assets with donor restrictions consisted for the following as of December 31:

	<u>2018</u>	<u>2017</u>
Temporary restricted for time and purpose:		
BWAid Funds	\$ 1,820,716	\$ 1,798,424
Mission, Evangelism and Theological Reflection	406,422	390,228
Youth Funds	42,321	37,504
Executive Office	183,864	177,499
Religious Freedom and Human Rights	37,186	37,381
Regional Support	5,357	5,357
Communication Funds	9,713	7,981
Capital Funds	<u>49,497</u>	<u>49,497</u>
Total temporarily restricted net assets	<u>2,555,076</u>	<u>2,503,982</u>
Permanently restricted endowment funds:		
Use of income is unrestricted:		
21 st Century Fund	619,056	619,056
Baptists Together Fund	36,331	36,331
Cothen Memorial Fund	82,851	82,851
Use of income is restricted for:		
Hoover Conference Fund	207,315	207,315
BWA Relief Fund	3,000	3,000
Hoover Relief Fund	110,000	110,000
Cardwell Memorial Fund	32,324	32,324
Cumbie Emerging Leaders Fund	13,317	13,067
Lotz Human Rights Fund	103,524	103,524
Youth OMO Fund	<u>134,959</u>	<u>134,959</u>
Total endowment funds – permanently restricted	<u>\$ 1,342,677</u>	<u>\$ 1,342,427</u>

BAPTIST WORLD ALLIANCE
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2018 and 2017

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

	<u>2018</u>	<u>2017</u>
Permanently restricted beneficial interests in perpetual trusts:		
Cobb Fund	\$ 799,505	\$ 875,688
Warren Fund	97,008	106,400
Cobb/Cooper Fund	7,960	8,718
Greenwood Trust	25,997	28,780
Tassie Fund	<u>168,631</u>	<u>181,042</u>
Total beneficial interests in perpetual trusts – permanently restricted	<u>1,099,101</u>	<u>1,200,628</u>
Total permanently restricted	<u>2,441,778</u>	<u>2,543,055</u>
Total net assets with donor restrictions	<u>\$ 4,996,854</u>	<u>\$ 5,047,037</u>

NOTE 10 - ENDOWMENTS

BWA’s endowment consists of several donor-restricted funds established for a variety of purposes. BWA has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as allowing BWA to appropriate for expenditure or accumulate so much of the assets of an endowment fund as BWA determines is prudent for the uses, benefits, and purposes for which the endowment fund was established, subject to the intent of the donor as expressed in the gift instrument. Although UPMIFA does not require 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, U.S. generally accepted accounting principles require BWA to record and report as permanently restricted net assets the original value of gifts donated to the permanent endowment, the original value of subsequent gifts to the permanent endowment, and 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 that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by BWA in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, BWA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: the duration and preservation of the fund, the purposes of BWA and the donor-restricted endowment fund, general economic conditions, the possible effect of inflation and deflation, the expected total return from income and the appreciation of investments, other resources of BWA, and the investment policies of BWA.

The endowment net assets of BWA at December 31, 2018 and 2017 consist entirely of donor-restricted endowment funds.

BAPTIST WORLD ALLIANCE
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2018 and 2017

NOTE 10 - ENDOWMENTS (Continued)

The changes in endowment net assets for 2018 and 2017 were as follows:

	<u>Without Donor Restrictions</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, January 1, 2018	\$ -	\$ 112,638	\$ 1,342,427	\$ 1,455,065
Investment return:				
Investment income	61,060	-		61,060
Net realized and unrealized appreciation	<u>(138,947)</u>	<u>-</u>	<u>-</u>	<u>(138,947)</u>
Total investment return	<u>(77,887)</u>	<u>-</u>	<u>-</u>	<u>(77,887)</u>
Contributions	<u>-</u>	<u>-</u>	<u>250</u>	<u>250</u>
Appropriated for expenditures	<u>-</u>	<u>(7,529)</u>	<u>-</u>	<u>(7,529)</u>
Endowment net assets, December 31, 2018	<u>\$ (77,887)</u>	<u>\$ 105,109</u>	<u>\$ 1,342,677</u>	<u>\$ 1,369,899</u>
	<u>Without Donor Restrictions</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, January 1, 2017	\$ -	\$ 31,993	\$ 1,317,177	\$ 1,349,170
Investment return:				
Investment income	28,828	23,594		52,422
Net realized and unrealized appreciation	<u>88,861</u>	<u>72,725</u>	<u>-</u>	<u>161,586</u>
Total investment return	<u>117,689</u>	<u>96,319</u>	<u>-</u>	<u>214,008</u>
Contributions	<u>-</u>	<u>-</u>	<u>25,250</u>	<u>25,250</u>
Appropriated for expenditures	<u>(117,689)</u>	<u>(15,674)</u>	<u>-</u>	<u>(133,363)</u>
Endowment net assets, December 31, 2017	<u>\$ -</u>	<u>\$ 112,638</u>	<u>\$ 1,342,427</u>	<u>\$ 1,455,065</u>

BAPTIST WORLD ALLIANCE
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2018 and 2017

NOTE 10 - ENDOWMENTS (Continued)

Underwater Endowment Funds

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor-restricted gift amounts. In accordance with BWA’s policies, deficiencies of this nature are reported as reductions in unrestricted net assets. As of December 31, 2018 and 2017, the accumulated deficiencies in the endowment funds totaled \$77,887 and \$0, respectively.

Return Objectives and Risk Parameters

BWA has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, endowment assets are invested in group investment funds managed by Baptist Foundations that also adhere to moral values consistent with BWA’s Christian ethics and traditions. Actual earnings (interest and dividends), less applicable fees, are distributed semi-annually. When the value of the investment falls below the cost basis of the fund, no income distributions are made.

NOTE 11 - RENTAL INCOME

As a lessor, BWA has certain operating leases for office space in its headquarters building with various tenants, expiring at various times through December 2021. Several tenants have options to renew for three additional years, extending the expirations through August 2022. As of December 31, 2018, future minimum lease receipts for these operating leases, not including the optional renewal extensions, are as follows:

Year ending December 31:	
2019	\$ 169,773
2020	77,384
2021	<u>69,428</u>
	<u>\$ 316,585</u>

NOTE 12 - LEASE OBLIGATIONS

BWA has entered into various non-cancelable operating lease agreements for office equipment expiring at various times through March 2019. The future minimum lease payments under the agreements for the year ended December 31, 2019 total \$1,581.

Rental expense for equipment leases totaled \$9,640 and \$9,496 for the years ended December 31, 2018 and 2017, respectively.

BAPTIST WORLD ALLIANCE
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2018 and 2017

NOTE 13 - PENSION PLAN

The employees of BWA participate in one of two defined contribution pension plans, the Southern Baptist Convention Annuity Plan or the American Baptist Churches Retirement Plan. Contributions are made on behalf of fulltime employees after three months of service. During 2018 and 2017, BWA contributed 10% of an employee's salary during the first three years of employment and 16% thereafter. BWA contributed \$99,519 and \$118,769 for the years ended December 31, 2018 and 2017, respectively.

NOTE 14 - INCOME TAXES

BWA is exempt from federal and state income taxes (except taxes on unrelated business income) under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as *other than a private foundation*. No provision for income taxes is required for the years ended December 31, 2018 and 2017 since BWA had no taxable income from unrelated business activities.

NOTE 15 - LIQUIDITY AND AVAILABILITY OF RESOURCES

BWA's financial assets as reported on the statement of financial position which are available for the year ended December 31, 2019 for general expenditures are as follows:

Cash and cash equivalents	\$ 952,031
Receivables due within one year	146,928
Other investments	<u>1,439,464</u>
Total financial assets available within one year	2,538,423
Less, amounts unavailable for general operations within one year, due to:	
Restricted by donors with purpose or time restrictions	(2,555,076)
Board designated	<u>(199,083)</u>
Shortfall of total financial assets available to management for general operations within one year	<u><u>\$ (215,736)</u></u>

BAPTIST WORLD ALLIANCE
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2018 and 2017

NOTE 15 - LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

Liquidity Management

BWA maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, BWA's Budget and Finance Committee has established Internally Designated net assets of \$199,083 as of December 31, 2018 that could be made available for current operations, if necessary, although BWA does not intend to spend the funds for purposes other than those identified. As described in Note 10, BWA also has endowments for which the income is unrestricted and available for operations. These amounts are available if the value of the investment does not fall below the cost basis of the fund.

NOTE 16 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 14, 2019, which is the date the financial statements were available to be issued.

**REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY INFORMATION**

To the Audit Committee
Baptist World Alliance

We have audited the financial statements of Baptist World Alliance as of and for the years ended December 31, 2018 and 2017, and our report thereon dated June 14, 2019, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedules on pages 32 - 45: "Schedules of Cash and Cash Equivalents", "Schedules of Contributions from Member Bodies Without Donor Restrictions", "Schedule of Changes in Internally Designated Net Assets Without Donor Restrictions", "Schedule of Changes in Temporarily Restricted Net Assets With Donor Restrictions", "Schedule of Changes in Baptist World Aid Funds" ", "Schedule of Changes in Endowment Funds with Donor Restrictions", and Schedule of Changes in Beneficial Interest in Perpetual Trusts Net Assets With Donor Restrictions" are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

UHY LLP

Columbia, Maryland
June 14, 2019

BAPTIST WORLD ALLIANCE
SCHEDULES OF CASH AND CASH EQUIVALENTS
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Petty Cash	<u>\$ 7,627</u>	<u>\$ 7,111</u>
Checking Accounts		
Bank of America	782,339	711,364
Spar-und Kreditbank, Germany (Euros)	<u>124,103</u>	<u>40,781</u>
Total checking accounts	<u>906,442</u>	<u>752,145</u>
Savings and Money Market Accounts		
Merrill Lynch custodial accounts	-	510
Bank of America	<u>37,962</u>	<u>24,721</u>
Total savings and money market accounts	<u>37,962</u>	<u>25,231</u>
Total Cash and Cash Equivalents	<u><u>\$ 952,031</u></u>	<u><u>\$ 784,487</u></u>

BAPTIST WORLD ALLIANCE
SCHEDULES OF CONTRIBUTIONS FROM MEMBER BODIES
WITHOUT DONOR RESTRICTIONS
For the years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Member Bodies in Africa		
Ethiopia - Emmanuel Baptist Church of Ethiopia	\$ 200	\$ 200
Ghana - Ghana Baptist Convention	-	3,000
Liberia - Liberia Baptist Missionary and Education Convention, Inc.	500	500
Madagascar - Association of Bible Baptist Churches in Madagascar	100	-
Malawi - Baptist Convention of Malawi	100	-
Nigeria - Nigerian Baptist Convention	10,000	5,000
Rwanda - Association of Baptist Churches in Rwanda	200	-
Sierra Leone - Baptist Convention of Sierra Leone	200	275
South Africa - Baptist Association of South Africa	250	-
South Africa - Baptist Union of Southern Africa	-	500
South Africa - Baptist Mission Union of Southern Africa	250	250
Uganda - Baptist Union of Uganda	-	100
Togo - Togo Baptist Convention	380	-
	<u>12,180</u>	<u>9,825</u>
Member Bodies in Asia Pacific		
Australia - Baptist Union of Australia	17,405	18,822
Bangladesh - Bangladesh Baptist Church Fellowship	-	200
Bangladesh - Bangladesh Baptist Church Sangha	-	100
Bangladesh - Garo Baptist Convention Bangladesh	-	200
Hong Kong - Baptist Convention of Hong Kong	5,248	10,916
India - Arunachal Baptist Church Council	200	240
India - Assam Baptist Convention	-	308
India - Baptist Church of Mizoram	3,000	3,077
India - Bengal Baptist Convention	-	200
India - Evangelical Baptist Convention of India	728	689
India - Garo Baptist Convention of India	-	638
India - Karnataka Baptist Convention	-	155
India - Manipur Baptist Convention	800	-
India - Nagaland Baptist Church Council	-	2,000
Japan - Japan Baptist Convention	1,553	1,334
Japan - Japan Baptist Union	520	510
Japan - Okinawa Baptist Convention	-	1,052
Korea - Korea Baptist Convention	-	5,000
Malaysia - Malaysia Baptist Convention	595	2,887
Myanmar - Myanmar Baptist Convention	2,000	2,000
Nepal - Nepal Baptist Church Council	300	-
New Zealand - Baptist Union of New Zealand	2,980	-
Philippines - Convention of Philippine Baptist	-	200
Philippines - Luzon Convention of Southern Baptist	500	500
Singapore - Singapore Baptist Convention	369	718
Sri Lanka - Sri Lanka Baptist Union	-	200
Taiwan - Chinese Baptist Convention	1,000	1,000
Thailand - Thailand Baptist Convention	1,000	1,000
Thailand - Thailand Karen Baptist Convention	400	-
Thailand - Thailand Lahu Baptist Convention	-	598
Vietnam - Baptist Churches of Vietnam	-	300
	<u>\$ 38,598</u>	<u>\$ 54,844</u>

BAPTIST WORLD ALLIANCE
SCHEDULES OF CONTRIBUTIONS FROM MEMBER BODIES
WITHOUT DONOR RESTRICTIONS (Continued)
For the years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Member Bodies in Caribbean		
Grenada - Grenada Baptist Association	\$ -	\$ 485
Guyana - Baptist Convention of Guyana	590	-
Jamaica - Jamaica Baptist Union	1,500	1,500
Turks and Caicos - Turks and Caicos Islands Baptist Union	3,500	1,000
Trinidad and Tobago - Baptist Union of Trinidad and Tobago	1,000	1,000
	<u>6,590</u>	<u>3,985</u>
Member Bodies in Europe		
Austria - Baptist Union of Austria	1,717	1,320
Belgium - Union of Baptist Churches in Belgium	114	-
Bulgaria - Baptist Union of Bulgaria	-	50
Croatia - Baptist Union of Croatia	-	751
Czech Republic - Baptist Union of the Czech Republic	780	780
Denmark - Baptist Union of Denmark	2,338	3,386
Estonia - Union of Free Evangelical and Baptist Churches of Estonia	227	120
Finland - Finland Swedish Baptist Union	229	-
Finland - Finnish Baptist Union	100	-
Georgia - Evangelical Baptist Church of Georgia	49	96
Germany - International Baptist Convention	7,078	8,772
Germany - Union of Evangelical Free Churches (Baptists) in Germany	27,159	25,974
Hungary - Baptist Union of Hungary	1,500	1,475
Italy - Christian Evangelical Baptist Union of Italy	-	1,462
Latvia - Union of Baptist Churches in Latvia	-	420
Netherlands - Union of Baptist Churches in the Netherlands	2,843	2,609
Norway - Baptist Union of Norway	-	4,972
Poland - Baptist Union of Poland	412	-
Portugal - Portuguese Baptist Convention	276	289
Romania - Hungarian Baptist Convention of Romania	300	300
Serbia - Union of Christian Baptist Churches in Serbia	104	120
Slovakia - Baptist Union of Slovakia	773	784
Spain - Baptist Evangelical Union of Spain	8,586	7,800
Sweden - Uniting Church in Sweden	19,738	-
Switzerland - Union of Baptist Churches in Switzerland	-	2,000
Turkey - Turkish Baptist Alliance	3,375	-
Ukraine - All-Ukrainian Union of Associations of Evangelical Christian-Baptists	1,000	1,000
United Kingdom - Baptist Union of Great Britain	10,738	31,698
United Kingdom - Baptist Union of Scotland	4,961	5,025
United Kingdom - Baptist Union of Wales	1,899	-
	<u>\$ 96,296</u>	<u>\$ 101,203</u>

BAPTIST WORLD ALLIANCE
SCHEDULES OF CONTRIBUTIONS FROM MEMBER BODIES
WITHOUT DONOR RESTRICTIONS (Continued)
For the years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Member Bodies in Latin America		
Argentina - Argentine Baptist Association	\$ 2,000	\$ 2,000
Argentina - Evangelical Baptist Convention of Argentina	700	700
Brazil - Brazilian Baptist Convention	1,034	1,000
Chile - Union of Evangelical Baptist Churches of Chile	2,100	2,000
Colombia - Colombian Baptist Denomination	-	840
El Salvador - Baptist Association of El Salvador	-	400
Uruguay - Baptist Convention of Uruguay	300	-
	<u>6,134</u>	<u>6,940</u>
Member Bodies in North America		
Canada - Canadian Baptist Ministries	3,284	1,797
USA - American Baptist Churches in the USA	30,000	32,622
USA - Baptist General Association of Virginia	92,270	79,595
USA - Baptist General Convention of Missouri	5,971	6,006
USA - Baptist General Convention of Texas	42,427	38,182
USA - Chin Baptist Churches USA	3,000	3,000
USA - Converge Worldwide	5,000	5,000
USA - Cooperative Baptist Fellowship	32,083	42,500
USA - Czechoslovak Baptist Convention of USA and Canada	750	750
USA - Lott Carey Baptist Foreign Mission Convention, USA	7,000	7,000
USA - National Baptist Convention, USA, Inc.	500	-
USA - North American Baptist Conference	2,331	2,288
USA - Progressive National Baptist Convention	-	1,000
USA - Russian-Ukrainian Evangelical Baptist	-	1,000
USA - Union of Latvian Baptists in America	200	200
USA - Zomi Baptist Churches of America	3,000	-
	<u>227,816</u>	<u>220,940</u>
Total Unrestricted Member Body Contributions	<u>\$ 387,614</u>	<u>\$ 397,737</u>

BAPTIST WORLD ALLIANCE
SCHEDULE OF CHANGES IN INTERNALLY DESIGNATED
NET ASSETS WITHOUT DONOR RESTRICTIONS
For the year ended December 31, 2018

	<u>Balance at January 1, 2018</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Fund Transfers</u>	<u>Balance at December 31, 2018</u>
200002 - BWA Reserve for Special Projects	\$ -	\$ -	\$ -	\$ 20,000	\$ 20,000
200005 - PATH 1%	3,929	10,816		-	14,745
200006 - Staff Relocation Fund	32,780	-	21,722	-	11,058
200008 - Building Reserve	35,867	-	-	-	35,867
200011 - 400 Legacy Fund	58,200	-	-	-	58,200
201001 - Bequests	48,653	483	-	-	49,136
221001 - Hillhouse Aid Fund	10,077	-	-	-	10,077
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total internally designated	<u>\$ 189,506</u>	<u>\$ 11,299</u>	<u>\$ 21,722</u>	<u>\$ 20,000</u>	<u>\$ 199,083</u>

BAPTIST WORLD ALLIANCE
SCHEDULE OF CHANGES IN TEMPORARILY RESTRICTED
NET ASSETS WITH DONOR RESTRICTIONS
For the year ended December 31, 2018

	Balance at January 1, 2018	Revenue	Changes in Beneficial Interest	Expenditures	Administration Fees	Fund Transfers	Balance at December 31, 2018
Executive Office							
400001 - General Secretary Discretionary Fund	\$ 545	\$ 11,401	\$ -	\$ 127	\$ 2,280	\$ -	\$ 9,539
400002 - BK Presidents Fund	11,895	-	-	-	-	-	11,895
400006 - Denton Lotz Travel Fund	1,436	15,200	-	13,629	3,040	33	-
400008 - Haiti, North Haiti University Seminary	180	-	-	-	-	-	180
400009 - Callam Unity Fund	35,126	1,445	-	3,414	289	-	32,868
400011 - 1905 Circle	-	21,994	-	1,841	-	-	20,153
400104 - Cobb Fund Interest	-	-	20,752	-	4,150	(16,602)	-
400105 - Tassie Fund Interest	-	-	3,071	-	614	(2,457)	-
402001 - Minister's Exchange Fund	4,500	-	-	-	-	-	4,500
402501 - Fellowship Fund	8,764	-	-	-	-	-	8,764
405001 - Congress Fund	184	-	-	-	-	-	184
405002 - Hoover Conference Fund	37,990	-	-	2,566	-	(1,134)	34,290
407502 - D McCall Fund/McCartt	24,403	-	-	541	-	(15,000)	8,862
408001 - PATH	-	16,797	-	10,254	3,392	951	4,102
408002 - PATH - Congress	13,045	1,665	-	-	700	-	14,010
408004 - Cobb/Cooper PATH Interest	3,138	-	413	-	83	-	3,468
408005 - Winchester Gift Annuity #1	12,580	-	(1,616)	-	-	-	10,964
408006 - PATH - under 40 Fund	2,550	2,000	-	2,700	-	150	2,000
408007 - Patterson Gift Annuity	16,926	-	(2,446)	-	-	-	14,480
408008 - Winchester Gift Annuity #2	4,237	-	(632)	-	-	-	3,605
Total Executive Office	177,499	70,502	19,542	35,072	14,548	(34,059)	183,864
Regional Support							
412501 - AABF Regional Support	4,382	-	-	-	-	-	4,382
412502 - ABF Reconciliation	800	-	-	-	-	-	800
412505 - NABF Projects	175	-	-	-	-	-	175
Total Regional Support	5,357	-	-	-	-	-	5,357

BAPTIST WORLD ALLIANCE
SCHEDULE OF CHANGES IN TEMPORARILY RESTRICTED
NET ASSETS WITH DONOR RESTRICTIONS (Continued)
For the year ended December 31, 2018

	Balance at January 1, 2018	Revenue	Changes in Beneficial Interest	Expenditures	Administration Fees	Fund Transfers	Balance at December 31, 2018
Capital Funds							
423001 - Seminary Fund	\$ 49,497	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,497
Communication Funds							
435002 - Communications General Fund	1,685	2,100	-	-	420	-	3,365
436001 - "Baptist World" Support	-	65	-	-	13	-	52
438501 - Communications Award	6,296	-	-	-	-	-	6,296
Total Communication	7,981	2,165	-	-	433	-	9,713
Mission, Evangelism and Theological Reflection							
443501 - BFWED - General	71,926	14,358	-	29,536	2,872	-	53,876
443503 - Nepal Outreach	4,369	2,190	-	-	438	-	6,121
443505 - Myanmar Outreach	640	-	-	-	-	-	640
444701 - Mini-Library	1,889	-	-	-	-	-	1,889
444704 - Pugh Seminary Book Fund	3,329	-	-	-	-	-	3,329
445004 - Cupit Evangelism Fund	1,872	-	-	1,872	-	-	-
445005 - Warren Endowment Fund - CIS(Ukraine, Latvia, Georgia, Estonia)	28,416	-	10,376	675	2,075	-	36,042
445006 - Warren Endowment Fund - Russia	28,416	-	10,376	-	2,075	-	36,717
445007 - BWA Evangelism Award (including pledge)	243,489	495	-	-	-	-	243,984
448002 - Cumbie Emerging Leader Fund	2,479	-	-	2,479	-	-	-
448003 - ELN Scholarships	90	-	-	90	-	-	-
448004 - McClendon Chair Fund	-	20,400	-	-	-	-	20,400
456001 - Journal Project	3,028	-	-	-	-	-	3,028
457001 - Heritage Fund	396	-	-	-	-	-	396
Total Mission, Evangelism and Theological Reflection	390,339	37,443	20,752	34,652	7,460	-	406,422

BAPTIST WORLD ALLIANCE
SCHEDULE OF CHANGES IN TEMPORARILY RESTRICTED
NET ASSETS WITH DONOR RESTRICTIONS (Continued)
For the year ended December 31, 2018

	Balance at January 1, 2018	Revenue	Changes in Beneficial Interest	Expenditures	Administration Fees	Fund Transfers	Balance at December 31, 2018
Religious Freedom and Human Rights							
465501 - Human Rights Projects	\$ 18	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18
465502 - RF/HR Program	4,044	600	-	-	120	-	4,524
465503 - Dehoney Mid East Fund	2,632	-	-	-	-	-	2,632
468501 - Human Rights Award	11,661	-	-	-	-	-	11,661
468502 - Lotz Award Income	19,026	-	-	675	-	-	18,351
Total Religious Freedom and Human Rights	<u>37,381</u>	<u>600</u>	<u>-</u>	<u>675</u>	<u>120</u>	<u>-</u>	<u>37,186</u>
Youth Funds							
470001 - Youth Mission Projects	12,332	-	-	-	-	-	12,332
472502 - Youth Regional Assistance	226	-	-	-	-	-	226
474501 - Youth Leadership Training	26	-	-	-	-	-	26
474502 - Horizons	-	6,865	-	-	1,373	-	5,492
475002 - Youth Day of Prayer	383	-	-	-	-	-	383
476501 - Youth OMO Interest	24,458	-	-	675	-	-	23,783
478201 - Youth Presidents Travel	79	-	-	-	-	-	79
Total Youth	<u>37,504</u>	<u>6,865</u>	<u>-</u>	<u>675</u>	<u>1,373</u>	<u>-</u>	<u>42,321</u>
Baptist World Aid Funds							
Disaster Relief	532,692	123,371	558	146,000	24,786	139,330	625,165
Development	159,588	44,907	-	173,152	8,981	125,505	147,867
Fellowship	7,226	-	-	-	-	-	7,226
Miscellaneous	1,098,918	233,408	25,636	2,210	50,459	(264,835)	1,040,458
Total Baptist World Aid Funds	<u>1,798,424</u>	<u>401,686</u>	<u>26,194</u>	<u>321,362</u>	<u>84,226</u>	<u>-</u>	<u>1,820,716</u>
Total Temporarily Restricted	<u>\$ 2,503,982</u>	<u>\$ 519,261</u>	<u>\$ 66,488</u>	<u>\$ 392,436</u>	<u>\$ 108,160</u>	<u>\$ (34,059)</u>	<u>\$ 2,555,076</u>

See report of independent auditors on supplementary information.

BAPTIST WORLD ALLIANCE
SCHEDULE OF CHANGES IN BAPTIST WORLD AID FUNDS
For the year ended December 31, 2018

	Balance at January 1, 2018	Revenue	Distributions from Beneficial Interest	Expenditures	Administration Fees	Fund Transfers	Balance at December 31, 2018
Disaster Relief							
500001 - Disaster Relief	\$ 18,260	\$ 30,556	\$ -	\$ -	\$ 6,111	\$ -	\$ 42,705
500002 - Flood Relief - General	597	-	-	-	-	-	597
500003 - Hunger, General	116,573	54,928	558	-	11,100	-	160,959
500006 - Refugee, General	2,611	100	-	15,000	20	12,309	-
500007 - Earthquake, General	66	-	-	-	-	-	66
500008 - Medicines/Vaccines	7,175	40	-	-	8	-	7,207
500010 - Water Projects, General	3,306	-	-	10,000	-	6,694	-
500012 - Hurricane Relief - General	7,110	2,000	-	-	400	-	8,710
511001 - Africa, Famine Relief	14,101	1,000	-	-	200	-	14,901
511003 - Africa, Refugee Assistance	-	-	-	-	-	-	7,551
511004 - Africa, Northern Relief	6,857	-	-	-	-	-	6,857
511006 - Africa, Horn of Africa Drought Relief	70,338	-	-	-	-	-	70,338
512001 - Asian Tidal Wave Disaster	32,789	-	-	-	-	-	32,789
513001 - Caribbean, Relief	34	-	-	-	-	-	34
514003 - Middle East Refugee Assistance	7,903	9,891	-	-	1,978	-	15,816
520201 - Albania, Relief	11,694	-	-	-	-	-	11,694
520601 - Angola, Relief	2,608	-	-	-	-	-	2,608
526501 - CAR, IDP/Refugee Relief	-	557	-	11,000	111	10,554	-
526801 - China, Relief	17,959	-	-	-	-	-	17,959
527201 - Colombia, Relief	2,821	-	-	-	-	-	2,821
527501 - Congo DR, Relief	-	557	-	-	111	-	446
530101 - Ecuador, Relief	7,989	-	-	-	-	-	7,989
530701 - Ethiopia, Relief	175	59	-	25,000	12	24,778	-
532101 - Gaza, Relief	7,313	-	-	-	-	-	7,313
535101 - India, Relief	14,484	-	-	-	-	-	14,484
535201 - Indonesia, Relief	-	12,362	-	20,000	2,472	20,000	9,890
535301 - Iran, Relief	13,658	-	-	-	-	-	13,658
536101 - Japan, Relief	2,053	-	-	-	-	-	2,053
541101 - Myanmar, Relief	6,412	-	-	-	-	-	6,412
542301 - Nepal, Relief	17,174	2,340	-	-	468	-	19,046
542801 - Nicaragua, Relief	-	-	-	25,000	-	25,000	-
543101 - Nigeria, Relief	382	557	-	-	111	-	828

BAPTIST WORLD ALLIANCE
SCHEDULE OF CHANGES IN BAPTIST WORLD AID FUNDS (Continued)
For the year ended December 31, 2018

	Balance at January 1, 2018	Revenue	Distributions from Beneficial Interest	Expenditures	Administration Fees	Fund Transfers	Balance at December 31, 2018
Disaster Relief (Continued)							
545701 - Philippines, Relief	\$ 720	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 720
545702 - Philippines, Typhoon Relief	70,109	-	-	-	-	-	70,109
549701 - Sierra Leone, Relief	117	500	-	-	100	-	517
551302 - South Sudan, Relief	1,940	1,115	-	-	223	-	2,832
553001 - Taiwan, Relief	2,393	-	-	-	-	-	2,393
553801 - Turkey, Relief	-	557	-	-	111	-	446
555001 - Uganda, Relief	5	-	-	30,000	-	29,995	-
555101 - Ukraine, Relief	3,188	-	-	-	-	-	3,188
555501 - USA, Relief	90	-	-	-	-	-	90
555504 - USA, Hurricane Harvey Relief	3,992	-	-	-	-	-	3,992
555505 - USA, Hurricane Irma Relief	30,488	-	-	-	-	-	30,488
555506 - USA, Puerto Rico Relief	692	6,252	-	-	1,250	-	5,694
556101 - Venezuela, Relief	6,384	-	-	-	-	-	6,384
558001 - Zambia, Relief	-	-	-	10,000	-	10,000	-
558101 - Zimbabwe, Relief	12,581	-	-	-	-	-	12,581
Total Disaster Relief	532,692	123,371	558	146,000	24,786	139,330	625,165
Development							
600001 - General Development	774	83	-	8,000	17	7,160	-
600006 - Development Forum	-	-	-	2,860	-	2,860	-
611002 - Africa, Northern Healing/Reconciliation	90	-	-	-	-	-	90
622307 - Bangladesh, Integrated Soc Dev/Mymensingh	6,962	-	-	-	-	-	6,962
622309 - Bangladesh, Adopt a Village Arsenic Mitigation	3,600	-	-	-	-	-	3,600
622904 - Benin, Youth Self Employment Seminars	7,553	-	-	-	-	-	7,553
626506 - CAR, Agriculture Project in Kaga-Bandoro and Sibut	350	-	-	-	-	-	350
626507 - CAR, Food Project in Ngaoudaye	1,575	-	-	2,250	-	675	-
626801 - Columbia, Peacebuilding & Development in New Dawn & Glory	9,600	-	-	10,000	-	400	-
627502 - Congo DR, Support for UEBCO Orphans	4,343	-	-	-	-	-	4,343
627505 - Congo DR, HIV Aids North Kivu	135	-	-	-	-	-	135
627540 - Congo, CEBCE Introduction of HIV/AIDS Programs in 27 Clinic	990	-	-	-	-	-	990
627541 - Congo DR, Women's Project for Agriculture	38,231	-	-	-	-	-	38,231
627542 - Congo DR, Orphan Education and Training	900	-	-	-	-	-	900
627547 - Congo DR, IDP Resettlement Program	360	-	-	-	-	-	360

BAPTIST WORLD ALLIANCE
SCHEDULE OF CHANGES IN BAPTIST WORLD AID FUNDS (Continued)
For the year ended December 31, 2018

	Balance at January 1, 2018	Revenue	Distributions from Beneficial Interest	Expenditures	Administration Fees	Fund Transfers	Balance at December 31, 2018
Development (Continued)							
627552 - Congo DR, Agriculture Assistance in Ngungu Village	\$ -	\$ 5,000	\$ -	\$ 3,000	\$ 1,000	\$ 60	\$ 1,060
627553 - Congo DR, Community Development/Hunger Program	-	8,500	-	7,500	1,700	700	-
627554 - Congo DR, Fighting Hunger & Poverty with Permaculture	-	1,750	-	2,100	350	700	-
627555 - Congo DR, Rabbit and Guinea Pig Farming Project	-	-	-	12,000	-	12,000	-
630201 - Ecuador, Casa Club Seniors Project	560	-	-	-	-	-	560
630301 - El Salvador, Domestic Gardens	6,129	-	-	-	-	-	6,129
630702 - Ethiopia, Empowering Female Headed Families Project	915	-	-	-	-	-	915
632407 - Ghana, School Supplies for Early Childhood Development Cen	1,131	-	-	-	-	-	1,131
635111 - India, Garo Conv Tea Plantation	5,142	-	-	-	-	-	5,142
635131 - India, Assam Community College Training School	1,325	-	-	-	-	-	1,325
635135 - India, Miqlat Ministry Piggery Farm	93	150	-	-	30	-	213
635136 - India, Living Water Project	355	5,924	-	7,100	1,184	2,005	-
635140 - India, Community and Education Development Center	9,600	-	-	-	-	-	9,600
635145 - India, Group Home for Human Trafficking	6,300	-	-	-	-	-	6,300
635202 - Indonesia, Community Development through Micro Loan Progr	816	-	-	-	-	-	816
637102 - Kenya, Salama Medical Dispensary	90	-	-	-	-	-	90
641004 - Mozambique, Drought Relief in Namaacha Project	-	7,500	-	2,250	1,500	90	3,840
642305 - Nepal, Empowering Single Women through Skill Development	3,345	-	-	15,000	-	11,655	-
648310 - Rwanda, UEBR HIV/AIDS Project	11,500	-	-	-	-	-	11,500
648322 - Rwanda, Roof Restoration for Genocide Survivors	900	1,000	-	-	200	-	1,700
649705 - Sierra Leone, Poverty Reduction in Rural Communities	1,411	-	-	-	-	-	1,411
650602 - South Sudan, Hunger Relief to IDP Camps in South Sudan	-	7,500	-	49,000	1,500	43,000	-
653901 - Turkey, Syrian Refugee Relief Project	-	7,500	-	49,000	1,500	43,000	-
658107 - Zimbabwe, ALFA-Operation Neighbor Care	2,492	-	-	-	-	-	2,492
658108 - Zimbabwe, Bridge of Hope Project	7,938	-	-	-	-	-	7,938
658111 - Zimbabwe, Green Environment Project	17,783	-	-	-	-	-	17,783
658113 - Zimbabwe, Food Relief and Chicken Project	1,800	-	-	3,000	-	1,200	-
658112 - Zimbabwe, Agriculture Project in the Ciurai Community	4,500	-	-	92	-	-	4,408
Total Development	159,588	44,907	-	173,152	8,981	125,505	147,867

BAPTIST WORLD ALLIANCE
SCHEDULE OF CHANGES IN BAPTIST WORLD AID FUNDS (Continued)
For the year ended December 31, 2018

	Balance at January 1, 2018	Revenue	Distributions from Beneficial Interest	Expenditures	Administration Fees	Fund Transfers	Balance at December 31, 2018
Fellowship Assistance							
714002 - Europe Bibles & Hymnals	\$ 462	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 462
727501 - Congo DR, Goma Fellowship Assist	6,764	-	-	-	-	-	6,764
Total Fellowship	<u>7,226</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,226</u>
Miscellaneous							
870001 - Hoover Promo Fund	21,337	-	-	-	-	-	21,337
880001 - BWAid Undesignated	777,833	226,658	4,884	2,210	46,309	(264,835)	696,021
880002 - BWAid Cobb Fund Interest	263,378	-	20,752	-	4,150	-	279,980
880003 - BWAid Endowment Interest	1,052	-	-	-	-	-	1,052
880004 - CFC BWAid	35,254	6,750	-	-	-	-	42,004
880006 - ACT Membership	64	-	-	-	-	-	64
Total Miscellaneous	<u>1,098,918</u>	<u>233,408</u>	<u>25,636</u>	<u>2,210</u>	<u>50,459</u>	<u>(264,835)</u>	<u>1,040,458</u>
Total BWAid Temporarily Restricted	<u>1,798,424</u>	<u>401,686</u>	<u>26,194</u>	<u>321,362</u>	<u>84,226</u>	<u>-</u>	<u>1,820,716</u>
Board Designated: Hillhouse Aid Fund	<u>10,077</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,077</u>
Total Baptist World Aid	<u>\$ 1,808,501</u>	<u>\$ 401,686</u>	<u>\$ 26,194</u>	<u>\$ 321,362</u>	<u>\$ 84,226</u>	<u>\$ -</u>	<u>\$ 1,830,793</u>

BAPTIST WORLD ALLIANCE
SCHEDULE OF CHANGES IN ENDOWMENT FUNDS
NET ASSETS WITH DONOR RESTRICTIONS
For the year ended December 31, 2018

	<u>Balance at January 1, 2018</u>	<u>Contributions</u>	<u>Balance at December 31, 2018</u>
<i>Use of income is unrestricted</i>			
300001 - 21st Century Fund	\$ 619,056	\$ -	\$ 619,056
300003 - Baptists Together Fund	36,331	-	36,331
300005 - Cothen Memorial Fund	82,851	-	82,851
<i>Use of income is restricted</i>			
301001 - Hoover Conference Fund	207,315	-	207,315
302001 - BWA Relief Fund	3,000	-	3,000
302002 - Hoover Relief Fund	110,000	-	110,000
303001 - Cardwell Memorial Fund	32,324	-	32,324
304001 - Cumbie Emerging Leaders Fund	13,067	250	13,317
306001 - Lotz Human Rights Fund	103,524	-	103,524
307001 - Youth OMO Fund	134,959	-	134,959
Total endowment funds	<u>\$ 1,342,427</u>	<u>\$ 250</u>	<u>\$ 1,342,677</u>

BAPTIST WORLD ALLIANCE
SCHEDULE OF CHANGES IN BENEFICIAL INTEREST IN PERPETUAL TRUSTS
NET ASSETS WITH DONOR RESTRICTIONS
For the year ended December 31, 2018

	<u>Balance at January 1, 2018</u>	<u>Change in Value</u>	<u>Balance at December 31, 2018</u>
311001 - Cobb Fund	\$ 875,688	\$ (76,183)	\$ 799,505
311002 - Cobb/Cooper Fund	8,718	(758)	7,960
311003 - Greenwood Trust	28,780	(2,783)	25,997
311004 - Warren Fund	106,400	(9,392)	97,008
311005 - Willis & Roberta Tassie Endowment Fund	<u>181,042</u>	<u>(12,411)</u>	<u>168,631</u>
Total beneficial interest in perpetual trusts	<u>\$ 1,200,628</u>	<u>\$ (101,527)</u>	<u>\$ 1,099,101</u>

See report of independent auditors on supplementary information.