

AMERICAN BAPTIST CHURCHES IN THE U.S.A.

INDEPENDENT AUDITORS' REPORT

and

FINANCIAL STATEMENTS

**For the years ended
December 31, 2009 and 2008**



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INDEPENDENT AUDITORS' REPORT

To the General Board of
American Baptist Churches in the U.S.A
Valley Forge, Pennsylvania

We have audited the accompanying statements of financial position of American Baptist Churches in the U.S.A. (ABC/USA) as of December 31, 2009 and 2008, and the related statements of activities and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of ABC/USA's management. 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ABC/USA's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2009 and 2008, 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.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information on pages 20 through 26 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Milligan and Company LLC

August 27, 2010
Philadelphia, PA

AMERICAN BAPTIST CHURCHES IN THE U.S.A.

Statements of Financial Position

December 31, 2009 and 2008

ASSETS

| | 2009 | 2008 |
|---|---------------|---------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 3,169,259 | \$ 2,436,074 |
| Certificates of deposit | 248,036 | 264,489 |
| Accounts receivable from Baptist-related organizations, net of allowance for doubtful accounts of \$4,537 for 2009 and 2008 | 2,675,218 | 3,533,256 |
| Prepaid expenses and other current assets | 42,212 | 153,496 |
| Note receivable, current portion (See Note 6) | 563,006 | 12,752 |
| Total current assets | 6,697,731 | 6,400,067 |
| Noncurrent assets: | | |
| Investments, at fair value (See Note 3) | 13,213,136 | 8,773,338 |
| Investment in partnership (See Note 4) | 7,078,137 | - |
| Property, land and equipment, net (See Note 5) | 752,546 | 4,131,890 |
| Lease acquisition costs, net (See Note 7) | 229,313 | 528,352 |
| Note receivable, non-current portion (See Note 6) | 8,636,669 | 53,908 |
| Assets whose use is limited (See Note 3) | 98,337 | 89,779 |
| Total assets | \$ 36,705,869 | \$ 19,977,334 |

LIABILITIES AND NET ASSETS

| | | |
|---|---------------|---------------|
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 511,837 | \$ 667,590 |
| Funds of others | 1,880,653 | 2,040,970 |
| Funds held for others - mission support | 1,167,701 | 893,288 |
| Notes payable, current portion (See Note 9) | - | 610,616 |
| Deferred lease revenue (See Note 7) | 96,476 | 96,476 |
| Total current liabilities | 3,656,667 | 4,308,940 |
| Noncurrent liabilities: | | |
| Deferred lease revenue (See Note 7) | 2,267,031 | 2,363,507 |
| Total liabilities | 5,923,698 | 6,672,447 |
| Net assets: | | |
| Unrestricted: | | |
| Board designated | 20,286,529 | 3,472,816 |
| Board undesignated | 3,393,156 | 3,305,861 |
| Total unrestricted | 23,679,685 | 6,778,677 |
| Temporarily restricted | 4,431,184 | 4,028,121 |
| Permanently restricted | 2,671,302 | 2,498,089 |
| Total net assets | 30,782,171 | 13,304,887 |
| Total liabilities and net assets | \$ 36,705,869 | \$ 19,977,334 |

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

AMERICAN BAPTIST CHURCHES IN THE U.S.A.
Statement of Activities and Changes in Net Assets
for the year ended December 31, 2009
(with comparative totals for the year ended December 31, 2008)

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>2009 Total</u> | <u>2008 Total</u> |
|--|----------------------|-----------------------------------|-----------------------------------|-----------------------|-----------------------|
| Revenues, gains, and other support: | | | | | |
| American Baptist mission support: | | | | | |
| Amounts received on behalf | | | | | |
| of others (See Note 11) | \$ 33,688,346 | | | | |
| Amounts remitted to others (See Note 11) | <u>31,228,684</u> | | | | |
| Amounts retained by ABC/USA | \$ 2,459,662 | \$ - | \$ - | \$ 2,459,662 | \$ 2,573,879 |
| Donations and other revenue | 2,410,242 | 23,420 | - | 2,433,662 | 1,229,579 |
| Investment income on estate gifts and endowments | 283,796 | 47,900 | - | 331,696 | 492,331 |
| Other investment income | 283,415 | - | - | 283,415 | 81,108 |
| Net realized and unrealized gain/(loss) on investments | 151,789 | 703,465 | 173,213 | 1,028,467 | (2,855,401) |
| Net change in value of investment in partnership | (64,408) | - | - | (64,408) | - |
| Mission Center building operations | 1,122,423 | - | - | 1,122,423 | 3,264,829 |
| Amortization of deferred lease revenue (See Note 7) | 96,476 | - | - | 96,476 | 96,476 |
| Net assets released from restrictions: | | | | | |
| Satisfaction of program restrictions | <u>371,722</u> | <u>(371,722)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total revenues, gains and other support | <u>7,115,117</u> | <u>403,063</u> | <u>173,213</u> | <u>7,691,393</u> | <u>4,882,801</u> |
| Expenses: | | | | | |
| Mission Center building operations | 1,226,050 | - | - | 1,226,050 | 3,325,166 |
| Treasurer's office | 733,728 | - | - | 733,728 | 691,000 |
| Mission resource development | 657,362 | - | - | 657,362 | 709,044 |
| Biennial | 625,558 | - | - | 625,558 | - |
| General and administrative | 487,687 | - | - | 487,687 | 498,315 |
| Representative process | 470,132 | - | - | 470,132 | 392,447 |
| General secretary | 423,177 | - | - | 423,177 | 406,309 |
| Distribution to others | 411,374 | - | - | 411,374 | 386,558 |
| Human resource development | 391,199 | - | - | 391,199 | 308,600 |
| Office of travel and conference planning | 358,924 | - | - | 358,924 | 307,225 |
| Regional operations | 309,289 | - | - | 309,289 | 271,640 |
| ABC information | 224,650 | - | - | 224,650 | 198,817 |
| Ecumenical relations | 123,680 | - | - | 123,680 | 117,976 |
| Women in Ministry | 114,863 | - | - | 114,863 | 193,316 |
| Orientation to American Baptist Life | <u>81,657</u> | <u>-</u> | <u>-</u> | <u>81,657</u> | <u>187,395</u> |
| Total expenses | <u>6,639,330</u> | <u>-</u> | <u>-</u> | <u>6,639,330</u> | <u>7,993,808</u> |
| Changes in net assets before extraordinary items | 475,787 | 403,063 | 173,213 | 1,052,063 | (3,111,007) |
| Extraordinary items: | | | | | |
| Gain on sale of building | <u>16,376,623</u> | <u>-</u> | <u>-</u> | <u>16,376,623</u> | <u>-</u> |
| Changes in net assets before transfers | 16,852,410 | 403,063 | 173,213 | 17,428,686 | (3,111,007) |
| OGS designated reserve transfers | <u>48,598</u> | <u>-</u> | <u>-</u> | <u>48,598</u> | <u>(51,726)</u> |
| Changes in net assets after transfers | 16,901,008 | 403,063 | 173,213 | 17,477,284 | (3,162,733) |
| Net assets, beginning of year | <u>6,778,677</u> | <u>4,028,121</u> | <u>2,498,089</u> | <u>13,304,887</u> | <u>16,467,620</u> |
| Net assets, end of year | <u>\$ 23,679,685</u> | <u>\$ 4,431,184</u> | <u>\$ 2,671,302</u> | <u>\$ 30,782,171</u> | <u>\$ 13,304,887</u> |

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

AMERICAN BAPTIST CHURCHES IN THE U.S.A.
Statement of Activities and Changes in Net Assets
for the year ended December 31, 2008

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>2008 Total</u> |
|---|---------------------|-----------------------------------|-----------------------------------|-----------------------|
| Revenues, gains, and other support: | | | | |
| American Baptist mission support: | | | | |
| Amounts received on behalf | | | | |
| of others (See Note 11) | \$ 35,546,691 | | | |
| Amounts remitted to others (See Note 11) | <u>32,972,812</u> | | | |
| Amounts retained by ABC/USA | \$ 2,573,879 | \$ - | \$ - | \$ 2,573,879 |
| Donations and other revenue | 1,219,579 | 10,000 | - | 1,229,579 |
| Investment income on estate gifts and endowments | 68,711 | 319,317 | 104,303 | 492,331 |
| Other investment income | 81,108 | - | - | 81,108 |
| Net realized and unrealized loss on investments | (374,137) | (1,820,622) | (660,642) | (2,855,401) |
| Mission Center building operations | 3,264,829 | - | - | 3,264,829 |
| Amortization of deferred lease revenue (See Note 7) | 96,476 | - | - | 96,476 |
| Net assets released from restrictions: | | | | |
| Satisfaction of program restrictions | <u>434,860</u> | <u>(302,539)</u> | <u>(132,321)</u> | <u>-</u> |
| Total revenues, gains and other support | <u>7,365,305</u> | <u>(1,793,844)</u> | <u>(688,660)</u> | <u>4,882,801</u> |
| Expenses: | | | | |
| Mission Center building operations | 3,325,166 | - | - | 3,325,166 |
| Mission resource development | 709,044 | - | - | 709,044 |
| Treasurer's office | 691,000 | - | - | 691,000 |
| General and administrative | 498,315 | - | - | 498,315 |
| General secretary | 406,309 | - | - | 406,309 |
| Representative process | 392,447 | - | - | 392,447 |
| Distribution to others | 386,558 | - | - | 386,558 |
| Human resource development | 308,600 | - | - | 308,600 |
| Office of travel and conference planning | 307,225 | - | - | 307,225 |
| Regional operations | 271,640 | - | - | 271,640 |
| ABC information | 198,817 | - | - | 198,817 |
| Women in Ministry | 193,316 | - | - | 193,316 |
| Orientation to American Baptist Life | 187,395 | - | - | 187,395 |
| Ecumenical relations | <u>117,976</u> | <u>-</u> | <u>-</u> | <u>117,976</u> |
| Total expenses | <u>7,993,808</u> | <u>-</u> | <u>-</u> | <u>7,993,808</u> |
| Changes in net assets before transfers | (628,503) | (1,793,844) | (688,660) | (3,111,007) |
| OGS designated reserve transfers | <u>(51,726)</u> | <u>-</u> | <u>-</u> | <u>(51,726)</u> |
| Changes in net assets after transfers | (680,229) | (1,793,844) | (688,660) | (3,162,733) |
| Net assets, beginning of year | <u>7,458,906</u> | <u>5,821,965</u> | <u>3,186,749</u> | <u>16,467,620</u> |
| Net assets, end of year | <u>\$ 6,778,677</u> | <u>\$ 4,028,121</u> | <u>\$ 2,498,089</u> | <u>\$ 13,304,887</u> |

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

AMERICAN BAPTIST CHURCHES IN THE U.S.A.
Statements of Cash Flows
for the years ended December 31, 2009 and 2008

| | 2009 | 2008 |
|--|---------------|----------------|
| Cash flows from operating activities: | | |
| Total change in net assets | \$ 17,477,284 | \$ (3,162,733) |
| Adjustments to reconcile total change in net assets to net cash provided/(used) in operating activities: | | |
| Depreciation | 225,197 | 590,454 |
| Amortization of lease acquisition costs | 38,094 | 93,982 |
| Net unrealized (gain)/loss on investments | (1,028,467) | 2,854,586 |
| Net change in value of investment in partnership | 64,408 | - |
| Amortization of lease income | (96,476) | (96,476) |
| Gain on sale of building | (16,376,623) | - |
| Decrease (increase) in operating assets: | | |
| Accounts receivable from Baptist related organizations, net | 858,038 | (372,593) |
| Prepaid expenses and other assets | 102,726 | 43,238 |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable/accrued expenses | (155,753) | 143,281 |
| Funds of others and funds held for others-mission support | 114,096 | (24,002) |
| Net cash provided/(used) in operating activities | 1,222,524 | 69,737 |
| Cash flows from investing activities: | | |
| Purchases of equipment and software | (7,191) | (58,959) |
| Transfer of tenant renovations-in-process | - | 84,831 |
| Transfer of equipment in excess of proceeds received | 105,259 | - |
| Building improvements | - | (73,973) |
| Proceeds from sale of building and related equipment | 3,045,567 | - |
| Redemptions of certificates of deposit, net of purchases | 16,453 | 38,702 |
| Purchases of investments, net of proceeds from sales | (3,411,331) | (89,591) |
| Principal collections of notes receivable, net of note issuances | 372,520 | (66,660) |
| Net cash used by investing activities | 121,277 | (165,650) |
| Cash flows from financing activities: | | |
| Payment of notes payable | (610,616) | (77,578) |
| Net cash used by financing activities | (610,616) | (77,578) |
| Net decrease in cash and cash equivalents | 733,185 | (173,491) |
| Cash and cash equivalents, beginning of year | 2,436,074 | 2,609,565 |
| Cash and cash equivalents, end of year | \$ 3,169,259 | \$ 2,436,074 |
| Supplemental disclosure of cash flow information for financing activities: | | |
| Cash paid during the year for: | | |
| Interest | \$ 5,061 | \$ 32,649 |

Supplemental disclosure of non-cash transaction:

During 2009, ABC/USA sold the Mission Center property to 588 Associates, LP (the "Partnership"), of which ABC/USA holds a 34.65% partnership interest and a 35% membership interest in 588 Associates, LLC (the "Company"), a limited liability company which serves as the General Partner of the Partnership and holds a 1% partnership interest, for a total cost of \$20,000,000. In addition to the cash received as disclosed above, ABC/USA received \$7,000,000 in partnership capital interest in exchange for the contributed property. ABC/USA holds notes obtained in exchange for the property totaling \$9,500,000 from the American Baptist Foreign Missions Society, the American Baptist Home Missions Society, and the Ministers and Missionaries Benefits Board. The remaining \$454,433 is consideration for the transfer of property taxes and settlement charges for the transaction. Property and equipment with a cost value of \$14,569,563 and accumulated depreciation totaling \$11,372,375, as well as deferred revenue totaling \$264,984, were included in the sale.

AMERICAN BAPTIST CHURCHES IN THE U.S.A.
NOTES TO FINANCIAL STATEMENTS
for the years ended December 31, 2009 and 2008

1. Background:

The accompanying financial statements comprise the accounts maintained for the American Baptist Churches in the U.S.A. (ABC/USA) and funds administered in a fiduciary capacity by ABC/USA for the benefit of others. ABC/USA is charged with a number of specific responsibilities which articulate the vision of the denomination as it seeks to share the Good News of Jesus Christ. ABC/USA provides servant leadership through vision, resources, training, administration and counsel for the whole denomination, so that American Baptists can effectively “carry out the common task of mission and ministry in our time” in fulfillment of the Great Commission.

ABC/USA is a not-for-profit religious organization exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code.

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.

Financial Statement Presentation:

ABC/USA reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of December 31, 2009 and 2008, and the reported amounts of revenues and expenses for the years then ended. Actual results can differ from those estimates.

Cash and Cash Equivalents:

Cash and cash equivalents include highly liquid investments with original maturities of three months or less at the time of purchase and are stated at cost, which approximates fair value. At times, these amounts may exceed federally insured limits.

AMERICAN BAPTIST CHURCHES IN THE U.S.A.
NOTES TO FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2009 and 2008

2. Summary of Significant Accounting Policies, Continued:

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 credit risk or uncollectible. Additionally, 10% of outstanding balances older than 180 days are included in the allowance amount.

Investments:

Investments consist of mutual funds invested by the American Baptist Foundation (an affiliate) and Merrill Lynch funds on behalf of ABC/USA. These mutual funds include investments held for assets with donor-imposed restrictions.

Investments are reported at fair value. Donated securities are recorded at fair value on the date of receipt. Realized and unrealized gains or losses on investments are recognized as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or law. Interest and dividend income is recorded on the accrual basis and investment transactions are recorded on trade date basis.

Investment in Partnership:

In 2008, ABC/USA entered into a limited partnership agreement with the American Baptist Foreign Missions Society ("ABFMS"), the American Baptist Home Missions 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. See Note 4.

Property, Land, Equipment and Depreciation:

Property, land, and equipment are recorded at cost. Depreciation of these assets is computed 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 operations in the period of disposition. Repair and maintenance costs are expensed when incurred, while improvements that extend the life of the assets are capitalized.

AMERICAN BAPTIST CHURCHES IN THE U.S.A.
NOTES TO FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2009 and 2008

2. Summary of Significant Accounting Policies, Continued:

Property, Land, Equipment and Depreciation, continued:

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 supplemental retirement benefits by the MMBB on behalf of ABC/USA.

Funds of Others:

ABC/USA collects and distributes 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 donations, contributions and gifts which are disbursed to beneficiaries.

Funds Held for Others-Mission Support:

Funds held for others include the residual balances of American Baptist Mission Support (ABMS) funds administered by ABC/USA. These funds represent a liability by ABC/USA until spent for designated purposes in accordance with the budget covenant.

Deferred Lease Revenue:

Deferred lease revenue is amortized using the straight-line method over the term of the lease.

Net Assets:

A description of each net asset category is as follows:

- *Unrestricted Net Assets:* Represents assets that are available for the support of operations and whose use is not externally restricted, although their use may be limited by other factors such as board designations.
- *Temporarily Restricted Net Assets:* Temporarily restricted net assets are those whose use by ABC/USA has been limited by donors for a specific purpose or time period. These net assets consist of gifts for which donor-imposed restrictions have not been met.

AMERICAN BAPTIST CHURCHES IN THE U.S.A.
NOTES TO FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2009 and 2008

2. Summary of Significant Accounting Policies, Continued:

Net Assets, continued:

- *Permanently Restricted Net Assets:* Permanently restricted net assets consist of permanent endowment fund investments to be held indefinitely, the income from which is expendable when the restrictions imposed by donors have been met. In addition, income from certain endowment investments is restricted for distribution to specified affiliated organizations.

Contributions:

Contributions are recognized when a donor makes a promise to ABC/USA that is, in substance, unconditional. 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. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

New Accounting Standards:

In June 2009, Financial Accounting Standards Board (“FASB”) issued the last FASB Statement referenced in form: FASB Statement No. 168, *The FASB Accounting Standards Codification (“ASC”) and the Hierarchy of Generally Accepted Accounting Principles*. The FASB ASC was a major restructuring of accounting and reporting standards designed to simplify user access to all authoritative U.S. generally accepted accounting principles (“GAAP”) by providing the authoritative literature in a topically organized structure. This standard establishes the FASB ASC as a source of authoritative U.S. accounting and reporting standards for nongovernmental entities and is effective for financial statements issued for annual periods ending after September 15, 2009. ABC/USA adopted this standard as of December 31, 2009. Accordingly FASB Statement references were updated with the appropriate FASB ASC topic reference.

In July 2006, the Financial Accounting Standard Board released FASB Interpretation No. 48 (“FIN 48”) *Accounting for Uncertainty in Income Taxes*. FIN 48 provides guidance for how uncertain tax positions should be recognized, measured and disclosed in the financial statements. This guidance has since been incorporated into the FASB ASC Topic 740, *Income Taxes* (Topic 740). ABC/USA adopted this guidance as of December 31, 2009, see Note 13.

AMERICAN BAPTIST CHURCHES IN THE U.S.A.
NOTES TO FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2009 and 2008

2. Summary of Significant Accounting Policies, Continued:

New Accounting Standards, continued:

In May 2009, FASB ASC 855 (Topic 855) *Subsequent Events* was issued. Topic 855 requires incorporating the accounting and disclosure requirements for subsequent events into U.S. generally accepted accounting principles. This guidance introduces new terminology, defines a date through which management must evaluate subsequent events, and lists the circumstances under which an entity must recognize and disclose events or transactions occurring after the balance sheet date. ABC/USA adopted the new guidance as of December 31, 2009, see Note 14.

3. Fair Value Measurements:

Effective January 1, 2008, ABC/USA adopted FASB ASC Topic 820, “Fair Value Measurements and Disclosures” (Topic 820). This topic defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and expands disclosures about fair value measurements.

In accordance with Topic 820, the fair value of investments is categorized into a three-tier hierarchy, which assigns priorities to inputs of valuation techniques used to measure fair value. Inputs refer to assumptions market participants would use when pricing an asset and are classified as observable (i.e. assumptions based on market prices obtained from independent sources) and unobservable (i.e. assumptions based on best information available or the reporting entity’s own assumptions). The hierarchy of inputs is summarized below:

- Level 1 – observable, represents assets with quoted market prices for identical assets (registered securities).
- Level 2 – other observable, not quoted market prices for identical assets. Inputs that are obtained from the utilization of models or other valuation methodologies.
- Level 3 – unobservable, reflects reporting entity’s own assumptions and significant management judgments that would be made by market participants.

AMERICAN BAPTIST CHURCHES IN THE U.S.A.
NOTES TO FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2009 and 2008

3. Fair Value Measurements, Continued:

The fair values of the investment securities, including assets whose use is limited, which ABC/USA held as of December 31, 2009 and 2008, are as follows:

| 2009 | | | | |
|---|----------------------|--|--|-------------------------------------|
| | Total Fair Value | <u>Fair Value Measurement at Reporting Date Using:</u> | | |
| | | Observable Inputs (Level 1) | Other Observable Inputs (Level 2) | Unobservable Inputs (Level 3) |
| Investments - mutual funds | \$ 13,213,136 | \$ 229,830 | \$ 12,983,306 | \$ - |
| Assets whose use is limited - mutual funds | 98,337 | - | 98,337 | - |
| | <u>\$ 13,311,473</u> | <u>\$ 229,830</u> | <u>\$ 13,081,643</u> | <u>\$ -</u> |
| 2008 | | | | |
| | Total Fair Value | <u>Fair Value Measurement at Reporting Date Using:</u> | | |
| | | Observable Inputs (Level 1) | Other Observable Inputs (Level 2) | Unobservable Inputs (Level 3) |
| Investments - mutual funds | \$ 8,773,338 | \$ - | \$ 8,773,338 | \$ - |
| Assets whose use is limited - mutual funds | 89,779 | - | 89,779 | - |
| | <u>\$ 8,863,117</u> | <u>\$ -</u> | <u>\$ 8,863,117</u> | <u>\$ -</u> |

The Level 1 mutual fund investments as of December 31, 2009 represent registered mutual funds that are actively traded on an open market. The Level 2 mutual fund investments and assets whose use is limited as of December 31, 2009 represent pooled mutual fund investments managed by a third party. The net asset value (NAV) of the pooled investments is based on valuation techniques determined by the third party.

AMERICAN BAPTIST CHURCHES IN THE U.S.A.
NOTES TO FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2009 and 2008

3. Fair Value Measurements, Continued:

Included in investments are donated securities with a fair value of \$1,780,911 and \$1,607,700 as of December 31, 2009 and 2008, respectively.

4. Investment in Limited Partnership:

Summarized financial information for 588 Associates, LP for the ten-month period from March 1, 2009 (date of inception) through December 31, 2009 is as follows:

| Balance Sheet (Accrual Basis) | |
|---|----------------------|
| Total Assets | \$ <u>20,397,133</u> |
| Total Liabilities | 173,881 |
| Partnership Capital | <u>20,223,252</u> * |
| Total Liabilities and Partnership Capital | \$ <u>20,397,133</u> |

* ABC/USA's 34.65% partnership interest of \$7,008,781 and 35% membership interest of \$69,356 (the Company's 1% partnership interest of \$198,160) as of December 31, 2009 is recorded as "Investment in partnership" in the statement of financial position. Its shares of the partnership loss were \$63,764 and \$644, respectively, for the ten-month period then ended, which is disclosed as "net change in value of investment in partnership" in the statement of activities.

ABC/USA provides financial management services to the Partnership. During 2009, the fees collected for these services, including reimbursement of allocated personnel expenses, totaled \$240,783.

5. Property, Land and Equipment:

Property, land and equipment as of December 31, 2009 and 2008 consist of the following:

| | 2009 | 2008 |
|---|--------------------------|----------------------------|
| Buildings and building improvements | \$ - | \$ 13,908,939 |
| Computer software and equipment | 2,510,650 | 2,505,039 |
| Office equipment | 626,705 | 820,207 |
| Automobiles | 39,385 | 39,385 |
| Subtotal | <u>3,176,740</u> | <u>17,273,570</u> |
| Accumulated depreciation | <u>(2,839,110)</u> | <u>(13,987,557)</u> |
| Subtotal property and equipment, net | 337,630 | 3,286,013 |
| Tenant renovations-in-process | - | 29,830 |
| Land | 414,916 | 816,047 |
| Total property, land and equipment, net | \$ <u><u>752,546</u></u> | \$ <u><u>4,131,890</u></u> |

AMERICAN BAPTIST CHURCHES IN THE U.S.A.
NOTES TO FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2009 and 2008

5. Property, Land and Equipment, Continued:

Depreciation expense for the years ended December 31, 2009 and 2008 was \$225,197 and \$590,454, respectively.

Costs incurred for tenant renovations of the Mission Center for future tenants are recorded as "Tenant Renovations-in-process." Prior to the Sale, these costs were transferred to lease acquisition cost and amortized over the life of the lease upon completion of the renovations. No such costs have been incurred by ABC/USA subsequent to the Sale.

On March 3, 2009, 588 Associates, LP purchased the ABC Mission Center property from ABC/USA located at 588-590 North Gulph Road, Upper Merion Township, Montgomery County, Pennsylvania for the purchase price of \$20,237,274. Approximately \$3,200,000 of the net book value of property, land and equipment was included in the sale.

6. Notes Receivable:

During 2008, ABC/USA 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 totaled \$464,970. ABC/USA contributed 15% of the principal totaling \$69,750.

The note bears 0% interest prior to October 1, 2009 and thereafter interest accrues at the prime rate. Beginning October 1, 2009 the annual interest rate was 5%. The principal balance and accrued interest of \$53,908 are due on September 30, 2010.

During 2009, ABC/USA entered into loan agreements with ABFMS, ABHMS, and MMBB in conjunction with the Sale. Beginning April 1, 2009 the annual interest rate for the notes was 7%. As of December 31, 2009, the principal balance due was \$9,145,767. The following is the schedule of future minimum principal payments as of December 31, 2009:

| | |
|---------------------|---------------------|
| December 31, | |
| 2010 | \$ 509,098 |
| 2011 | 545,901 |
| 2012 | 585,364 |
| 2013 | 627,680 |
| 2014 | 673,055 |
| 2015 and thereafter | <u>6,204,669</u> |
| Total | <u>\$ 9,145,767</u> |

AMERICAN BAPTIST CHURCHES IN THE U.S.A.
NOTES TO FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2009 and 2008

7. Lease of American Baptist Mission 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 1991, 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, 2009 and 2008 was \$96,476.

Costs incurred in negotiating and consummating the lease transactions described above were \$624,496 as of December 31, 2009 and 2008. 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, 2009 and 2008 was \$2,818 and \$16,908, respectively. Accumulated amortization was \$375,432 and \$372,614 as of December 31, 2009 and 2008, respectively.

In addition, ABC/USA has incurred certain costs related to negotiating and consummating leases to unaffiliated organizations. As of December 31, 2009 and 2008, these costs were \$885,732 and are amortized using the straight-line method over the terms of the related lease agreements. Amortization on these deferred lease acquisition costs for the years ended December 31, 2009 and 2008 was \$276,469 and \$77,074, respectively. Accumulated amortization was \$885,732 and \$609,263 as of December 31, 2009 and 2008, respectively.

8. Operating Leases:

ABC/USA leased certain office space in the Mission Center to other ABC/USA-related organizations. The leases were re-negotiated in 1997 with the lessees agreeing to 8-year terms, with a "share-and-share-alike" provision with respect to property operating costs. In 2005, lease terms for certain affiliates were automatically renewed through 2012, and for another affiliate through 2008. Rents, including the reimbursement of property operating costs, were adjusted annually based upon the operating costs of the Mission Center. If leasing space is not fully occupied, each affiliate will be obligated to pay their respective share of expenses based upon the square footage that they currently occupy. Rental income from these related parties in 2009 and 2008 prior to the Sale was \$90,875 and \$1,032,072, respectively.

AMERICAN BAPTIST CHURCHES IN THE U.S.A.
NOTES TO FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2009 and 2008

8. Operating Leases, Continued:

Prior to the Sale, ABC/USA also leased certain office space in its building to unaffiliated organizations. These leases expire within five to ten years with the lessee's option of renewal for an additional agreed-upon term. Rental income on the leases for the years ended December 31, 2009 and 2008 was \$265,992 and \$993,191, respectively. These leases were assigned to the limited partnership at the time of the Sale.

9. Notes Payable:

Construction on the Graphic Arts Building roof began in 2004 and was completed in 2005. Total roof construction cost was \$531,542 and was paid in full to contractors in 2005. ABC/USA financed \$457,126 of the total roof costs with notes from affiliated organizations, consisting of \$132,832 in 2004 and \$324,294 in 2005. The interest rate for fiscal years 2009 and 2008 was 5%.

In 2005, ABC/USA entered into an agreement to renovate the interior of the Graphic Arts Building for a contracted amount of \$421,193. Work was completed and paid in full in 2005. ABC/USA financed \$408,893 with notes from affiliates, with interest accruing at a rate of 5% for 2009 and 2008. ABC/USA paid off the remaining principal balance due on these notes of \$610,616 during 2009.

10. 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, 2009 and 2008 were \$238,124 and \$274,903, 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
for the years ended December 31, 2009 and 2008

11. Amounts Received on Behalf of and Remitted to Others:

Amounts received on behalf of and remitted to others during the years ended December 31, 2009 and 2008 were as follows:

| | <u>2009</u> | <u>2008</u> |
|--|----------------------|----------------------|
| Amounts received through ABMS: | | |
| ABC Offerings and Other Objectives | \$ 20,873,759 | \$ 21,854,365 |
| United Mission | 12,351,496 | 13,185,000 |
| Other campaigns | 219,234 | 232,331 |
| Gifts to other agencies | <u>243,857</u> | <u>274,995</u> |
| Total amounts received through ABMS | <u>\$ 33,688,346</u> | <u>\$ 35,546,691</u> |
| | <u>2009</u> | <u>2008</u> |
| The amounts above received on behalf of others were distributed as follows: | | |
| National Related Boards | \$ 13,236,510 | \$ 12,748,834 |
| Regions, States, and Baptist Related Activities | 13,985,805 | 15,535,273 |
| Other organizations | 3,559,231 | 4,233,122 |
| Shared Support Services to Related Boards | 323,576 | 323,576 |
| Uncommitted Fund Disbursements | <u>123,562</u> | <u>132,007</u> |
| Total amounts distributed to others | 31,228,684 | 32,972,812 |
| Amounts retained by American Baptist Churches in the U.S.A. in accordance with budget covenant provisions | <u>2,459,662</u> | <u>2,573,879</u> |
| Total amounts distributed and retained by ABC/USA | <u>\$ 33,688,346</u> | <u>\$ 35,546,691</u> |

12. Endowments:

ABC/USA's endowment fund consists of approximately 20 individual funds established for a variety of purposes. The endowment consists of both donor-restricted endowment funds and funds designated by the General Board to function as endowments. As required by Generally Accepted Accounting Principles in the United States, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based upon the existence or absence of donor-imposed restrictions.

AMERICAN BAPTIST CHURCHES IN THE U.S.A.
NOTES TO FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2009 and 2008

12. Endowments, continued:

Interpretation of Relevant Law

The General Board of ABC/USA has interpreted the applicable sections of the New York Not-for-Profit Corporation Law related to endowments as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, to the extent that there are no donor stipulations to the contrary. ABC/USA classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment and the original value of subsequent gifts made to the endowment. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by ABC/USA in a manner consistent with the standard of prudence described by the applicable sections of the New York Not-for-Profit Corporation Law.

Investment and Spending Policy

ABC/USA employs a total return policy on its investments and sets the draw from the endowments and quasi-endowments by approval of the Budget Review Committee annually. The percentage draw for operations and disbursements to related partners was 5.1% and 5.3% for 2009 and 2008, respectively. 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 for 2009 and 2008 was 5.1%. The maximum percentage allowable under terms of ABC/USA's Covenant Agreement with the Ministers & Missionaries Benefit Board (MMBB) is 8%. The expected draw in 2010 for ABCUSA is 4%, and 5% for both related partners and ABWIM.

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|-----------------------------------|----------------------|
| Endowment Net Asset Composition by | | | | |
| Type of Fund as of December 31, 2009: | | | | |
| Donor restricted endowment funds | \$ - | \$ 4,431,184 | \$ 2,671,302 | \$ 7,102,486 |
| Board-designated endowment funds | 4,484,696 | - | - | 4,484,696 |
| Total funds | <u>\$ 4,484,696</u> | <u>\$ 4,431,184</u> | <u>\$ 2,671,302</u> | <u>\$ 11,587,182</u> |

AMERICAN BAPTIST CHURCHES IN THE U.S.A.
NOTES TO FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2009 and 2008

12. Endowments, Continued:

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|---|---------------------|-----------------------------------|-----------------------------------|----------------------|
| Changes in Endowment Net Assets for the Year Ended December 31, 2009: | | | | |
| Endowment net assets, December 31, 2008 | \$ 1,001,335 | \$ 4,028,121 | \$ 2,498,089 | \$ 7,527,545 |
| Investment return: | | | | |
| Investment income | 283,796 | 47,900 | - | 331,696 |
| Net depreciation (realized and unrealized) | <u>332,633</u> | <u>703,465</u> | <u>173,213</u> | <u>1,209,311</u> |
| Total investment return | <u>616,429</u> | <u>751,365</u> | <u>173,213</u> | <u>1,541,007</u> |
| Contributions | 2,964,284 | 23,420 | - | 2,987,704 |
| Appropriation of assets for expenditure in accordance with the spending policy | <u>(97,352)</u> | <u>(371,722)</u> | <u>-</u> | <u>(469,074)</u> |
| Endowment net assets, December 31, 2009 | <u>\$ 4,484,696</u> | <u>\$ 4,431,184</u> | <u>\$ 2,671,302</u> | <u>\$ 11,587,182</u> |

**Endowment Net Asset Composition by
Type of Fund as of December 31, 2008:**

| | | | | |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|
| Donor restricted endowment funds | \$ - | \$ 4,028,121 | \$ 2,498,089 | \$ 6,526,210 |
| Board-designated endowment funds | <u>1,001,335</u> | <u>-</u> | <u>-</u> | <u>1,001,335</u> |
| Total funds | <u>\$ 1,001,335</u> | <u>\$ 4,028,121</u> | <u>\$ 2,498,089</u> | <u>\$ 7,527,545</u> |

**Changes in Endowment Net Assets
for the Year Ended December 31, 2008:**

| | | | | |
|---|---------------------|---------------------|---------------------|---------------------|
| Endowment net assets, December 31, 2007 | \$ 1,404,161 | \$ 5,821,965 | \$ 3,186,749 | \$ 10,412,875 |
| Investment return: | | | | |
| Investment income | 68,711 | 319,317 | 104,303 | 492,331 |
| Net depreciation (realized and unrealized) | <u>(347,459)</u> | <u>(1,820,622)</u> | <u>(660,642)</u> | <u>(2,828,723)</u> |
| Total investment return | <u>(278,748)</u> | <u>(1,501,305)</u> | <u>(556,339)</u> | <u>(2,336,392)</u> |
| Contributions | - | 10,000 | - | 10,000 |
| Appropriation of assets for expenditure in accordance with the spending policy | <u>(124,078)</u> | <u>(302,539)</u> | <u>(132,321)</u> | <u>(558,938)</u> |
| Endowment net assets, December 31, 2008 | <u>\$ 1,001,335</u> | <u>\$ 4,028,121</u> | <u>\$ 2,498,089</u> | <u>\$ 7,527,545</u> |

AMERICAN BAPTIST CHURCHES IN THE U.S.A.
NOTES TO FINANCIAL STATEMENTS, Concluded
for the years ended December 31, 2009 and 2008

13. Tax Status:

ABC/USA is exempt from federal income tax as a religious organization under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). ABC/USA obtained its latest determination letter on February 4, 2010, and it has not received any subsequent notice from the Internal Revenue Service that such tax-exempt status has been challenged or changed.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires ABC/USA to report information regarding its exposure to various tax positions taken by ABC/USA. ABC/USA has evaluated whether any tax positions have met the recognition threshold and have measured ABC/USA's exposure to the tax positions. Management believes that ABC/USA has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Any interest or penalties assessed to ABC/USA are recorded in general and administrative expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

14. Subsequent Events:

Management has evaluated subsequent events through August 27, 2010, the date which the financial statements were available to be issued. There were no material subsequent events required to be disclosed.

SUPPLEMENTAL INFORMATION

AMERICAN BAPTIST CHURCHES IN THE U.S.A.

Supplement to the Statement of Financial Position

December 31, 2009

Assets

Cash and cash equivalents: Represents cash on hand as of December 31, 2009.

Certificates of deposit: This represents certificates of deposit held in high quality financial institutions with a maximum maturity of 36 months or less as of December 31, 2009.

Accounts Receivable from Baptist related organizations, net: Represents primarily mission support contributions from local churches. Also includes fees that are owed to ABC/USA from National Boards; fees for services of departments within the Office of the General Secretary (OGS), such as Human Resources; and pass-through fees for temporary personnel. Accordingly, these amounts are shown net of allowances reserved for bad debt.

Prepaid expenses and other current assets: Includes pre-paid insurance, and postage, as well as supplies and cafeteria inventories.

Notes receivable: Represents the balances of notes provided to the Board of National Ministries (due on March 31, 2034), Board of International Ministries (due on March 31, 2019), and Ministries and Missionaries Benefits Board (due on March 31, 2019) to assist in the sale of the Mission Center to 588 Associates, LP. Also represents the balance of the line of credit provided to American Baptist Historical Society to assist in a timely relocation to the Mercer Campus in Atlanta. This note is due on September 30, 2010.

Investments, at fair value: Represents the investment of the Robert Roblee Memorial Fund, board designated endowment funds and permanent endowment funds. These investments are carried at fair value. The largest portion of the investments is the Roblee Fund, the income of which has traditionally funded mission projects overseas through the Board of International Ministries.

Investment in partnership: Represents the investment in 588 Associates, L.P. (the "Partnership"), a limited partnership formed for the purpose of acquiring and managing the Mission Center property, and investment in 588 Associates, L.L.C. (the "Company"), a limited liability company formed for the purpose of managing and serving as General Partner of the Partnership. ABC/USA owns a 34.65% partnership interest in the Partnership and a 35% membership interest in the Company, which owns a 1% partnership interest.

Property, land and equipment, net of accumulated depreciation: Represents a number of capitalized assets, such as the Mission Center until March 2009, office equipment in the Mission Center until March 2009, and the Mission Receipt and Disbursement System software. All of these assets are carried at cost.

AMERICAN BAPTIST CHURCHES IN THE U.S.A.
Supplement to the Statement of Financial Position, Continued
December 31, 2009

Assets, continued

Lease acquisition costs, net of accumulated amortization: These costs, paid in 1984 at the time negotiations were concluded with Prudential Insurance Company of America for the lease of the land for Freedom Business Center, which is adjacent to the grounds of the Mission Center, represent net amounts paid and being amortized over the life of the lease.

Assets whose use is limited: Represents The Annuity Supplement (TAS) account owned by ABC/USA, which is being held for staff supplemental retirement benefits upon Board Approval.

Liabilities

Accounts payable and accrued liabilities: Represents current year expenses that were not paid at year-end, clearing accounts and the accrued vacation and salaries of employees at year-end.

Funds of others: ABC/USA collects and distributes 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 donations, contributions and gifts which are disbursed to beneficiaries on a monthly basis.

Funds held for others – Mission Support: Represents the remaining American Baptist Mission Support funds which are not distributed during the year, and are held to be distributed at a later date.

Deferred lease revenue: Represents the amount remaining of the original payment to ABC/USA of more than \$4 million for the land which Freedom Business Center currently occupies. Because the payment was made in one lump sum, it represents a deferred liability and is recognized as revenue annually, prorated over the life of the lease agreement.

Notes payable: Represents amounts payable to the Boards of National Ministries and International Ministries, which helped finance the cost of the new roof of the Graphic Arts Building, which is adjoined to the Mission Center. As of December 31, 2009, this note was fully repaid.

AMERICAN BAPTIST CHURCHES IN THE U.S.A.
Supplement to the Statement of Financial Position, Continued
December 31, 2009

Net Assets

Unrestricted, board designated: Includes reserves such as the Supplemental Retirement Benefit (TAS) Reserve, Biennial Reserve, the reserve for Representative Process, and the OGS Operating Reserve. In addition, the net assets represent the reserve for both anticipated and unanticipated equipment and major repairs on the building. Although intended for specific use, these are not binding on the organization.

Unrestricted, board undesignated: These may be used for any purpose designated by management without restriction.

Temporarily restricted: Represents the income and appreciation/depreciation on funds with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose for restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported on the statement of activities as net assets released from restrictions. The “Robert Roblee Memorial Fund” income is included in temporarily restricted net assets.

Permanently restricted: Represents endowment gifts explicitly restricted by the donor to be held in perpetuity. Income is included in permanently restricted net assets and reclassified to unrestricted net assets when used in accordance with donor’s stipulations. In addition to fifteen small estates, the “Women in Ministry/Ministers Council” endowment fund transferred from Board of Educational Ministries also comprises this balance.

AMERICAN BAPTIST CHURCHES IN THE U.S.A.
Supplemental Schedules of Activities of Unrestricted Net Assets
(with segregation of OGS operations)
for the years ended December 31, 2009 and 2008

| | 2009 | 2008 |
|---|---------------|--------------|
| Revenues, gains, and other support: | | |
| OGS - United Mission | \$ 1,163,781 | \$ 1,270,985 |
| OGS fees and other operating revenue | 1,815,734 | 1,193,649 |
| Investment income on estate gifts | 48,739 | 68,711 |
| Other investment income | 100,348 | 81,108 |
| Total OGS operating revenue | 3,128,602 | 2,614,453 |
| Gain on sale of building | 16,376,623 | - |
| Mission Center building operations | 1,122,423 | 3,264,829 |
| World Mission support | 655,782 | 709,044 |
| Biennial | 569,422 | - |
| Net realized and unrealized gains/(losses) on investments | 494,767 | (374,137) |
| Representative process | 407,483 | 390,885 |
| Net assets released from restrictions and used for operations | 371,722 | 434,860 |
| Other reserve income | 226,340 | 100,710 |
| Amortization of deferred lease revenue | 96,476 | 96,476 |
| Investment income | 75,145 | - |
| Strong in the Lord conference | 29,783 | 300 |
| Net change in value of partnership | (64,408) | - |
| Total revenue, gains, and other support | 23,490,160 | 7,237,420 |
| Expenses: | | |
| Salaries and benefits | 1,908,654 | 1,795,391 |
| Other | 358,108 | 119,865 |
| Travel | 226,968 | 285,806 |
| Professional fees | 219,173 | 132,575 |
| Depreciation | 134,668 | 138,119 |
| Rent | 99,491 | 183,990 |
| Ecumenical relations | 87,000 | 88,726 |
| Insurance | 28,599 | 28,478 |
| Computer center and central service charges | 22,698 | 119,475 |
| Postage | 11,574 | 19,269 |
| Telephone | 11,088 | 14,241 |
| Staff development | 8,297 | 7,156 |
| Printing/literature | 3,107 | 761 |
| Total OGS operating expenses | 3,119,425 | 2,933,852 |
| Mission Center building operations | 1,226,050 | 3,325,165 |
| Mission resource development | 655,782 | 576,112 |
| Biennial | 625,558 | - |
| Representative process | 470,132 | 391,494 |
| Distribution to others | 411,374 | 386,558 |
| Orientation to American Baptist Life | 107,906 | 187,395 |
| Strong in the Lord conference | 21,523 | 65,347 |
| Net transfers from reserves | (48,598) | 51,726 |
| Total expenses | 6,589,152 | 7,917,649 |
| (Decrease)/increase in unrestricted net assets | \$ 16,901,008 | \$ (680,229) |

AMERICAN BAPTIST CHURCHES IN THE U.S.A.

Supplemental Schedule of Activities for
Mission Center Building Operations
for the year ended December 31, 2009

| | <u>Building Operations</u> | <u>Invested in Plant</u> | <u>Total</u> |
|--|--------------------------------|------------------------------|-------------------|
| Revenues: | | | |
| Rent: | | | |
| American Baptist Home Mission Society | \$ 81,840 | \$ - | \$ 81,840 |
| American Baptist Churches in the U.S.A. | 76,113 | - | 76,113 |
| Section A-2 | 54,520 | - | 54,520 |
| Graphics Arts Building - East and Section C1 | 52,998 | - | 52,998 |
| American Baptist Foreign Mission Society | 44,957 | - | 44,957 |
| Graphic Arts Building - West | 56,635 | - | 56,635 |
| Associated Ministry Organizations | 23,041 | - | 23,041 |
| American Baptist Extension Corporation | 12,021 | - | 12,021 |
| American Baptist Foundation | 9,556 | - | 9,556 |
| Vertex - Graphic Arts Building | 7,421 | - | 7,421 |
| Ministers and Missionaries Benefit Board | 3,114 | - | 3,114 |
| | <u>422,216</u> | <u>-</u> | <u>422,216</u> |
| Other income: | | | |
| Traffic operations | 622,230 | - | 622,230 |
| Lease income amortization of deferred lease revenue | - | 96,476 | 96,476 |
| Telephone leasing income | 69,103 | - | 69,103 |
| Other | 8,874 | - | 8,874 |
| | <u>1,122,423</u> | <u>96,476</u> | <u>1,218,899</u> |
| Total revenues | | | |
| Expenses: | | | |
| Traffic operations | 617,270 | - | 617,270 |
| Utilities, fuel and insurance | 189,880 | - | 189,880 |
| Other | 66,658 | 38,094 | 104,752 |
| Depreciation | 83,983 | - | 83,983 |
| Salaries and benefits | 66,149 | - | 66,149 |
| Telephone | 54,058 | - | 54,058 |
| Maintenance, supplies and tools | 40,183 | - | 40,183 |
| Janitorial service | 35,658 | - | 35,658 |
| Real estate taxes | 10,909 | - | 10,909 |
| Equipment service contracts | 7,841 | - | 7,841 |
| Administrative charge for travel and conference planning | 7,478 | - | 7,478 |
| Security | 5,826 | - | 5,826 |
| Rent | 2,049 | - | 2,049 |
| Staff development and travel | 14 | - | 14 |
| | <u>1,187,956</u> | <u>38,094</u> | <u>1,226,050</u> |
| Total expenses | | | |
| Total revenues less expenses | \$ <u>(65,533)</u> | \$ <u>58,382</u> | \$ <u>(7,151)</u> |

AMERICAN BAPTIST CHURCHES IN THE U.S.A.

Supplemental Schedule of Net Assets
for the year ended December 31, 2009

| | <u>General</u> | <u>Endowment Funds</u> | <u>Total</u> |
|---|----------------------|----------------------------|----------------------|
| Unrestricted net assets | | | |
| Board designated: | \$ 15,484,575 | \$ 3,396,943 | \$ 18,881,518 |
| OGS Reserves: | | | |
| OGS Operating Reserve | 1,306,674 | - | 1,306,674 |
| Supplemental Retirement Benefit (TAS) | 98,337 | - | 98,337 |
| Representative Process | - | - | - |
| Subtotal Board designated OGS Reserves | <u>1,405,011</u> | <u>-</u> | <u>1,405,011</u> |
| Total Board designated | <u>16,889,586</u> | <u>3,396,943</u> | <u>20,286,529</u> |
| Board undesignated: | 1,955,911 | - | 1,955,911 |
| Estates | - | 1,087,753 | 1,087,753 |
| OGS Management designated reserves: | | | |
| World Mission Support (WMS) | 318,306 | - | 319,886 |
| Women in Ministry (WIM) | 29,606 | - | 29,606 |
| Subtotal Management designated OGS Reserves | <u>347,912</u> | <u>-</u> | <u>349,492</u> |
| Total Board undesignated | <u>2,303,823</u> | <u>1,087,753</u> | <u>3,393,156</u> |
| Total unrestricted net assets | 19,193,409 | 4,484,696 | 23,679,685 |
| Temporarily restricted net assets | | | |
| Roblee Fund and other small estates | - | 4,431,184 | 4,431,184 |
| Permanently restricted net assets | | | |
| Women in Ministry and other small estates | <u>-</u> | <u>2,671,302</u> | <u>2,671,302</u> |
| Total net assets | <u>\$ 19,193,409</u> | <u>\$ 11,587,182</u> | <u>\$ 30,782,171</u> |

AMERICAN BAPTIST CHURCHES IN THE U.S.A.

Supplemental Schedule of
Office of General Secretary Designated Reserves
for the year ended December 31, 2009

| | <u>2008</u> | <u>Receipts</u> | <u>Disbursements</u> | <u>2009</u> |
|---------------------------------------|---------------------|-------------------|----------------------|---------------------|
| Board designated: | | | | |
| OGS Operating Reserve | \$ 1,206,674 | \$ 100,000 | \$ - | \$ 1,306,674 |
| Supplemental Retirement Benefit (TAS) | 89,779 | 35,878 | (27,320) | 98,337 |
| Representative Process | <u>18,033</u> | <u>-</u> | <u>(18,033)</u> | <u>-</u> |
| Total Board designated | <u>1,314,486</u> | <u>135,878</u> | <u>(45,353)</u> | <u>1,405,011</u> |
| Management designated: | | | | |
| WMS | 336,043 | 1,580 | (17,737) | 319,886 |
| WIM | <u>55,376</u> | <u>-</u> | <u>(25,770)</u> | <u>29,606</u> |
| Total Management designated | <u>391,419</u> | <u>1,580</u> | <u>(43,507)</u> | <u>349,492</u> |
| Total designated reserves | <u>\$ 1,705,905</u> | <u>\$ 137,458</u> | <u>\$ (88,860)</u> | <u>\$ 1,754,503</u> |