



2018

Annual Report

190th Year

Rochester Genesee Region

American Baptist Churches

Our mission is to support congregations in developing leaders who transform lives. As we go about our work, we are shaped by the values of respect, Godly justice and reconciliation. We respect one another as children of God, holding one another in positive esteem, even when we hold different understandings of belief and celebrate with different traditions. Godly justice has to do with loving enemies, refusing to fight back, rejecting the desire to punish and coerce.

The justice of God is revealed in the death and resurrection of Jesus, when love triumphed over power and evil. God's justice has been revealed separate from the legal realm, apart from the law. God keeps working to heal brokenness, as should we. Reconciliation is an element of salvation that refers to the results of atonement.

Reconciliation is the end of estrangement caused by sin between God and humanity and between sister and brother. We believe that we know God better when we are reconciled with all of God's people.

As we join together in God's work, we are directed by the following areas of concentration:

- We embrace diversity as a gift from God.
- We are intentional about building relationships between individuals, congregations, and ecumenical and interfaith communities.
- Through our regional relationships we support one another in faith formation for adults, youth and children; encourage the sharing of spiritual gifts and resources; promote innovative leadership; and encourage practices that lead to the transformation of lives.
- With hopeful spirits, we nurture and celebrate a culture open to new ways of supporting existing congregations and nurture new congregations and ministries.
- We support individuals and churches in intentional acts of mercy and justice in their neighborhoods, communities and the world and by speaking truth to power through witness, education, stewardship and actions.

Statement of Purpose of American Baptist Churches, USA

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

In every area of their common life American Baptists, acknowledging the importance of creative diversity, seek such a balance of freedom and order as will keep all parts of American Baptist Churches in the U.S.A. open to the guidance of the Holy Spirit and at the same time enable them to work responsibly to carry out the common task of mission and ministry in our time.

American Baptist Churches in the U.S.A. acknowledges that it shares a common faith in Christ with churches, which may be quite different from it in history, polity and practice. Consequently, it seeks to share with them a common ministry and to express it faithfully.

American Baptist Churches in the U.S.A. acknowledges that God's will is also manifested in movements outside the formal structures of Christ's church, and that, therefore, it must respond faithfully to such disclosures.

American Baptist Churches in the U.S.A. further acknowledges and confirms its commitment to the objects stated in its Act of Incorporation as follows: it to give expression to the opinions of its constituency upon moral, religious and denomination matters and to promote denominational unity and efficiency in efforts for the evangelization of the world."

In the light of this affirmation, American Baptist Churches in the U.S.A. intends the following statement of purpose to implement and not to alter the objects stated in its Act of Incorporation:

- to bear witness to the Gospel of Jesus Christ in the world and to lead persons to Christ;
- to seek the mind of Christ on moral, spiritual, political, economic, social, denominational and ecumenical matters, and to express to the rest of society on behalf of American Baptists, their convictions as to the mind of Christ in these matters;
- to guide, unify, and assist American Baptist in their witness in the world, in preparing members for the work of ministry, and in serving both those within and outside the fellowship of Christ; and
- to promote closer relations among American Baptist churches and groups, within the whole Body of Christ and to promote understanding with other religious bodies.

Standing Rules 5.1.1. Common Criteria

1. Affirm the statement entitled, “We are American Baptists” (revised 6/19/98) as descriptive of American Baptist faith and practice.
2. Affirm the mission/purpose of the American Baptist Churches USA and of the Region in which the church is a member.
3. Participate in the life and mission of the American Baptist Churches at local, regional, national and international levels.
4. Financially support the mission of the American Baptist Churches USA at a responsible level.
5. Share with the family the impact of the church’s ministries in reaching the community and world for Christ by reporting annually on forms supplied by the region and/or the ABC/USA.

Adopted by The General Board November 2001

Forwarded to Regions for consideration & adoption, December 2001

Adopted by ABCRGR Executive Board April 2002

Affirmed by The General Board (that ¾ of Regions adopted) November 2002

Administrative Report

ABCRGR Region President – Beth Short

Dear Friends,

2018 was a big year for the Rochester-Genesee Region of the American Baptist Churches USA. We celebrated the retirement of our longtime regional minister, Alan Newton. Alan counseled countless church leaders throughout his time with us and oversaw the expansion of the region with non-geographic churches who were facing challenges in their home regions. This growth added to our diversity and made us stronger. We expressed thanksgiving for Alan's work with a moving service and reception held in connection with the region's biennial meeting.

At that same meeting, delegates extended a call to Rev. Dr. Sandra Hasenauer to serve as the region's new executive minister. Her prior ministry with American Baptist Women's Ministries (ABCUSA) and her thorough knowledge of the Rochester area seemed to make her an ideal candidate.

Thanks also to Rev. Joanne Gilbert-Cannon who served as interim executive minister following Alan's departure and the prior to the beginning of Sandy's ministry.

Rev. Michael Ware had been serving as the board president. However, he accepted a call from a Chicago congregation in the summer, elevating the Vice President into the president's position. Since I am a member of University Baptist Church in Columbus, this represents the first time that someone from outside the Rochester area has served as the president.

We had the pleasure of welcoming two new churches into our region. These two churches, First Baptist Church of Fairmont, WV, and Christ Congregation of Princeton, NJ, were warmly welcomed into our fellowship. We look forward to getting to know members of these congregations.

In an effort to better lead the region, we created a finance team to look at fiscal issues and best practices. They have been a hard-working team that has added much value to the work of the region's office.

We know we will have some financial challenges ahead, just as churches throughout the country have been experiencing. And we want to make sure we are spending our limited resources in the most effective ways to support our network of churches.

When we come together as Baptists, we are able to celebrate the ministries of all of our churches and the many different ways they are doing God's work. When you financially support the work of the region, you are joining a family of churches that are making a difference. When you are willing to serve in the board or in a task force of the region, you are meeting others, hearing new views and experiencing the blessings of this unique fellowship of churches. The region assists in countless

ways including assistance with pastoral searches, ordinations, resource assistance, clearinghouse information, ministry opportunities, and more.

We need you! Whether it is adding your voice on the board, helping organize regional gatherings, strengthening our fundraising efforts, or sharing other gifts you might have, it helps strengthen our family of churches and definitely results in a larger circle of friends. Drop a line to our executive minister at sandyh@abcgr.org to discuss how you might share some of your strengths.

Thank you for all of the work that goes into the ministries of our region's churches. May God continue to bless these efforts.

Peace.

A handwritten signature in black ink that reads "Beth Short". The signature is written in a cursive, flowing style.

Beth Short

ABCGR President 2018-2020

Executive Minister's Report 2018**Rev. Dr. Sandra L. Demott Hasenauer**

Dear friends,

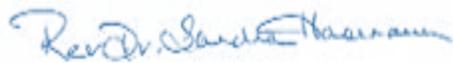
It is a little tricky for me to write a letter for the 2018 annual report as I was only with the region for the last two months of that fiscal year. I can't speak with any authority to most of what you'll read in the 2018 financial review. If you have questions, I can certainly try to answer!

Our region president, Beth Short, also has a letter in this annual report and I'll leave it to her to encapsulate the whole year in a much more effective way than I am able to. Meanwhile, I'll speak to the final two months, November and December, of 2018.

We re-established an ABCRGR finance and investment committee (FIC) that began working with me and advising the board almost immediately upon my start as the Executive Minister on November 5, 2018. As I did a quick deep dive into the budgeting process, they were invaluable in answering questions, finding best practices, and ultimately giving a proposed budget to the executive board in January. I can't even begin to say thank-you enough to the fine team our region is privileged to have advising on our finances: Sam Udofa, Ken Hines, Scott McClellan, and Helen Hoffman joined then-region treasurer Barbara Wolin and I in the budget development process. The FIC continues to review the budget and our financial statements, advising the board, making proposals as necessary, and assisting us in finding best practices for moving forward.

As a region, we continue to be challenged by our financial situation, a common concern among churches and organizations in our region as well. I can simply say that, when viewed from my position, I see a region full of very gifted and committed individuals who freely offer themselves to Christ's work as it is given to RGR to carry out. I celebrate who we are. I look forward to being able to write my letter for the 2019 annual report and share all the wonderful things I've seen happening!

In Christ's peace,
Sandy Hasenauer



Rev. Sandra L. DeMott Hasenauer
Executive Minister
American Baptist Churches of the Rochester/Genesee Region
sandyh@abcrgr.org

2018 Officers, Executive Board & Committee Members

Officers

President – Beth Short (University Baptist, Columbus, OH)	2020
Vice President – Sarah G. Culp (Greece Baptist)	2020
Treasurer – Barb Wolin (First Baptist Rochester)	2020
Clerk – Helen Hoffman (Hilton Baptist)	2020
Past President - -Michael Ware (Webster Baptist)	

Executive Board

<u>Class of 2022</u>	<u>Class of 2020</u>
1. Lawrence Taylor (First United Bloomington IN)	1. Val Gittings (FBC Fairmont WV) *
2. Linda Clark (Genesee Baptist)	2. Tanya Thurman (2 nd Baptist Mumford) *
3. Simon Kui (Lake Avenue – Myanmar Baptist)	3. Sandra McDuffie (St. Luke MBC, Charlotte, NC)
4. Teresa Walker (Ebenezer Baptist)	4. William Summerville (Kingdom Come, CA)
5. Steve Gretz (Greece Baptist)	5. Linda Pepe (BFC Moorestown, NJ)
6. Ron Duttweiler (Trinity Nunda)	6. Nicole Iaquinto (Ogden Baptist)

* Unexpired term

Ordination Review Committee

1. Chair, Jason Alspaugh (2020) – United Church Granville, OH
2. Vice Chair, Rachel McGuire (2020) – Lake Avenue
3. Clerk – Doug Donley (2020) – University Baptist, Minneapolis, MN

Additional Ordination Review Committee Members

Carol Owens – Genesee Baptist
 Richard Barton – First Baptist Ithaca
 Bill Reynolds – First Baptist Ithaca
 James Evans – St. Luke Tabernacle
 Gaya Shakes – St. Luke Tabernacle

2018 Affiliate Organizations

Cameron Community Ministries

48 Cameron Street
Rochester, NY 14606
(585) 254-2697

Fairport Baptist Homes

4646 Fairport Nine Mile Point Road
Fairport, NY 14450
(585) 377-0350

Genesee Area Campus Ministries

Interfaith Chapel
University of Rochester
Rochester, NY 14627
(585) 275-8522

Greater Rochester Community of Churches/FIAN

2 Riverside Street
Rochester, NY 14613
(585) 254-2570

Minnesota Council of Churches

122 West Franklin Avenue
Minneapolis, MN 55404
(612) 870-3600

NY State Council of Churches

1580 Central Avenue
Albany, NY 12205
(518) 436-9319

Colgate Rochester Crozer Divinity School

320 Goodman St North
Rochester, NY 14607
(585) 271-1320

Cameron Community Ministries

Cameron Community Ministries is an urban community center located in the Lyell-Otis neighborhood of Rochester, NY. Our mission is to provide hope to our community through emergency services, engagement, education and empowerment.

Services provided in 2018:

- 28,274 meals were served in our Hot Lunch Program.
- 1,883 Kids Café meals were served to children 18 and under.
- 595 families received fresh produce through Foodlink's monthly Mobile Food Pantry.
- 1,714 people were served through our Food Pantry program.
- 2,537 people shopped in our clothing house for clothing, accessories, housewares, baby and hygiene items.
- 5,252 diapers were distributed.
- 40 children participated in our After-School Enrichment Program, which features reading, math and homework support, arts, physical activities, technology and a variety of clubs and field trips throughout the school year.
- 40 children participated in our full day Summer Safe Haven programs, which includes reading, arts, field trips, physical activities, playground and meals.
- Over 400 backpacks filled with school supplies were handed out to children in the neighborhood.

Special Endeavors in 2018:

- We hired a full-time Social Worker to assist Cameron's guests.
- We welcomed 2 Narcotics Anonymous groups to host meetings weekly.
- 283 children came through our building and received a holiday gift and a visit with Santa during our Annual Neighborhood Santa Party.
- We purchased 3 adjacent lots to our building and launched The Building A Foundation for the Future Capital Campaign. A Teen Center is coming in 2019!

Additional Services Provided:

Cameron also provides a variety of services to the community, including:

- Phone and computer access
- Onsite bike repairs through R Community Bikes
- Resume building
- Referrals
- Nutrition education
- Holiday celebrations with toy and food distribution
- Information for guests on other community programs and services

Genesee Area Campus Ministries

	2018 Year-End Actual	Total 2018 Approved Budget	Total 2019 Approved Budget
Revenues			
Synod - NE Presbytery	15000	15000	10500
United Methodist - Upper NY Conf	250	250	0
Episcopal Diocese of Rochester	4250	4250	3750
Genesee Valley Assoc/UCC	2950	2400	2400
American Baptist Churches/RGR	1000	1000	800
Total Judicatories	23450	22900	17450
Grants - Miscellaneous	1000	3000	5000
Frank Snow Memorial Fund Draw	10000	14152	11831
U of R Chapel Grant	9498	9000	10000
GACM 'Friends' (Individuals)	2230	3000	3000
GACM Board Member Support	12525	14000	12000
American Baptist churches	235	400	200
United Methodist churches	1067	600	800
United Church of Christ churches	1000	1200	800
Evangelical Lutheran churches	600	100	500
Presbyterian churches	200	200	200
PCC Student Support	1505	2500	2500
PCC Alumni Support	9490	5000	9500
PCC Parent Support	905	750	900
NYS Baptist Foundation for CM	0	900	900
Miscellaneous	5743	0	0
Total Designated Income	57998	54802	58131
TOTAL REVENUES	81448	77702	75581
Expenses			
Salary: L. Tiberi	25000	25000	26000
Housing: L. Tiberi	25000	25000	25000
SS offset: L. Tiberi	3825	3825	3902
Professional expenses: L. Tiberi	0	2000	2000
Parking: L. Tiberi	482	500	500
Continuing education: L. Tiberi	719	1000	1000
Term Life/Disability: L. Tiberi	750	1306	1332
Pension: L. Tiberi	6328	5801	5917
Cash in lieu/Healthcare: L. Tiberi	4377	4377	4424
Pulpit supply	0	200	200
PCC Organist	2160	3000	1958
Bookkeeper: H. Hoffman	1845	1845	1882
Total Salaries and Benefits	70486	73854	74115
Miscellaneous	3717	0	65
"Audit" (review of books)	100	100	100
Liability Insurance	1076	1200	1200
Workers' Comp Insurance	574	600	600
PCC Postage	486	750	750
PCC Office supplies	122	100	100
PCC Student workers	1892	1000	1000
PCC Program expenses	1901	2250	2250
PCC Software and equipment	1420	500	500
PCC copying - worship/mailling	1097	1000	1000
PCC Telecommunications	279	300	300
PCC Clerical support	1299	500	1300
Total Support Costs	14065	8300	9165
Total Endowment Transfer (for bookkeeping purposes only)	10000	0	0
TOTAL EXPENSES	94551	82154	83280
NET INCOME	(13103)	(4452)	(7699)



Chaplain Laurie Tiberi



The Rev. Todd R. Goddard
GACM Board President



**REVIEWED
FINANCIAL STATEMENTS**

**AMERICAN BAPTIST CHURCHES
OF THE ROCHESTER/GENESEE REGION**

DECEMBER 31, 2018

**AMERICAN BAPTIST CHURCHES OF THE
ROCHESTER/GENESEE REGION**

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Executive Board
American Baptist Churches of the Rochester/Genesee Region

We have reviewed the accompanying financial statements of American Baptist Churches of the Rochester/Genesee Region, which comprise of the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility of 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Freed Maxick CPAs, P.C.

Rochester, New York
December 4, 2019

**AMERICAN BAPTIST CHURCHES OF THE
ROCHESTER/GENESEE REGION**

**STATEMENTS OF FINANCIAL POSITION
As of December 31,
See Independent Accountant's Review Report**

	2018	2017
ASSETS		
Current assets:		
Cash	\$ 18,090	\$ 41,836
Loans to churches	3,276	-
Total current assets	21,366	41,836
Investments	880,422	913,416
Property and equipment:		
Land	25,600	25,600
Churches and parsonages	230,300	230,300
	255,900	255,900
Less: accumulated depreciation	230,300	230,300
Net property and equipment	25,600	25,600
Total assets	\$ 927,388	\$ 980,852
 LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,111	\$ 30,312
Total current liabilities	1,111	30,312
Net assets:		
Without donor restrictions	559,346	608,756
With donor restrictions	366,931	341,784
Total net assets	926,277	950,540
Total liabilities and net assets	\$ 927,388	\$ 980,852

See accompanying notes.

**AMERICAN BAPTIST CHURCHES OF THE
ROCHESTER/GENESEE REGION**

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For The Year Ended December 31, 2018

See Independent Accountant's Review Report

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
Support and revenue:			
Contributions	\$ 86,875	\$ 69,447	\$ 156,322
Specific ministries	64,419	-	64,419
Investment income	31,259	19,752	51,011
Net assets released from restrictions	64,052	(64,052)	-
Total support and revenue	<u>246,605</u>	<u>25,147</u>	<u>271,752</u>
Functional expenses:			
Program services	160,578	-	160,578
Management and general	50,503	-	50,503
Total functional expenses	<u>211,081</u>	<u>-</u>	<u>211,081</u>
Changes in net assets before (losses) gains on investments	35,524	25,147	60,671
Unrealized losses on investments	(96,697)	-	(96,697)
Realized gains on investments	11,763	-	11,763
(Decrease) increase in net assets	(49,410)	25,147	(24,263)
Net assets, beginning of year	608,756	341,784	950,540
Net assets, end of year	\$ <u>559,346</u>	\$ <u>366,931</u>	\$ <u>926,277</u>

See accompanying notes.

**AMERICAN BAPTIST CHURCHES OF THE
ROCHESTER/GENESEE REGION**

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For The Year Ended December 31, 2017

See Independent Accountant's Review Report

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
Support and revenue:			
Contributions	\$ 99,832	\$ -	\$ 99,832
Specific ministries	44,660	-	44,660
Investment income	20,419	15,000	35,419
Net assets released from restrictions	45,000	(45,000)	-
Total support and revenue	<u>209,911</u>	<u>(30,000)</u>	<u>179,911</u>
Functional expenses:			
Program services	150,478	-	150,478
Management and general	48,152	-	48,152
Total functional expenses	<u>198,630</u>	<u>-</u>	<u>198,630</u>
Changes in net assets before gains on investments	11,281	(30,000)	(18,719)
Unrealized gains on investments	50,795	-	50,795
Realized gains on investments	<u>22,629</u>	<u>-</u>	<u>22,629</u>
Increase (decrease) in net assets	84,705	(30,000)	54,705
Net assets, beginning of year	<u>524,051</u>	<u>371,784</u>	<u>895,835</u>
Net assets, end of year	<u>\$ 608,756</u>	<u>\$ 341,784</u>	<u>\$ 950,540</u>

See accompanying notes.

**AMERICAN BAPTIST CHURCHES OF THE
ROCHESTER/GENESEE REGION**

**STATEMENTS OF CASH FLOWS
For The Years Ended December 31,
See Independent Accountant's Review Report**

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Changes in net assets	\$ (24,263)	\$ 54,705
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized losses (gains) on investments	96,697	(50,795)
Realized gains on investments	(11,763)	(22,629)
Increase in assets:		
Loans to churches	(3,276)	-
Decrease (increase) in liabilities:		
Accounts payable and accrued expenses	(29,201)	20,246
Net cash provided by operating activities	<u>28,194</u>	<u>1,527</u>
Cash flows from investing activities:		
Proceeds from sale of investments	95,302	70,300
Purchases of investments	(147,242)	(44,267)
Net cash (used) provided by investing activities	<u>(51,940)</u>	<u>26,033</u>
Net (decrease) increase in cash	<u>(23,746)</u>	<u>27,560</u>
Cash - beginning of year	<u>41,836</u>	<u>14,276</u>
Cash - end of year	<u>\$ 18,090</u>	<u>\$ 41,836</u>

See accompanying notes.

**AMERICAN BAPTIST CHURCHES OF THE
ROCHESTER/GENESEE REGION**

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended December 31, 2018

See Independent Accountant's Review Report

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 78,336	\$ 33,213	\$ 111,549
Payroll taxes and fringe benefits	15,407	8,561	23,968
Dues, assessments and other	1,377	1,378	2,755
Events sponsored	1,427	-	1,427
Grants to specific ministries	44,115	-	44,115
Occupancy	4,500	1,500	6,000
Office and other services	4,903	1,901	6,804
Professional fees	-	3,500	3,500
Program committee expenses	2,522	-	2,522
Staff travel and reimbursed expenses	7,991	-	7,991
Investment fees	-	450	450
Total functional expenses	\$ <u>160,578</u>	\$ <u>50,503</u>	\$ <u>211,081</u>

**AMERICAN BAPTIST CHURCHES OF THE
ROCHESTER/GENESEE REGION**

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended December 31, 2017

See Independent Accountant's Review Report

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 82,299	\$ 29,956	\$ 112,255
Payroll taxes and fringe benefits	20,224	8,320	28,544
Dues, assessments and other	1,788	1,788	3,576
Events sponsored	2,588	-	2,588
Grants to specific ministries	20,666	-	20,666
Occupancy	4,376	1,459	5,835
Office and other services	6,762	2,629	9,391
Professional fees	-	3,600	3,600
Program committee expenses	1,162	-	1,162
Staff travel and reimbursed expenses	10,613	-	10,613
Investment fees	-	400	400
Total functional expenses	\$ <u>150,478</u>	\$ <u>48,152</u>	\$ <u>198,630</u>

AMERICAN BAPTIST CHURCHES OF THE ROCHESTER/GENESEE REGION

NOTES TO THE FINANCIAL STATEMENTS See Independent Accountant's Review Report

NOTE 1. NATURE OF BUSINESS

The American Baptist Churches of the Rochester/Genesee Region (the "Region") is a not-for-profit corporation, incorporated in 1827 under Section 803 of the New York State Not-for-Profit Corporation Law, to promote unity, growth, and outreach of its cooperating churches and to foster whatever else may serve to promote the interest of the Church in the World.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The Region prepares its financial statements on the accrual basis of accounting, which means that revenues are recorded when earned and expenditures are recorded when incurred.

Recent Accounting Pronouncements: In August 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. This standard intends to make certain improvements to the current reporting requirements for not-for-profit entities. The Region implemented FASB ASU 2016-14 in 2018, applying the changes retrospectively. The new standard changes the following aspects of financial statement presentation: the temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions, the unrestricted net asset class has been renamed net assets without donor restrictions, and the financial statements include disclosures about liquidity and availability of resources (Note 3) and certain categories of expenses that are attributable to more than one program or supporting function.

Classification of Net Assets: The accompanying financial statements have been prepared in conformity with the disclosure and display requirements of accounting principles generally accepted in the United States of America (US GAAP). US GAAP requires that resources be classified for reporting purposes between two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets without Donor Restrictions: Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the Region, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. In addition, resources whose use is limited under terms of debt indentures, or other similar arrangements, or which are set aside for board-designated purposes, are considered to be net assets without donor restrictions.

Net Assets with Donor Restrictions: Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Region must continue to use the resources in accordance with the donor's instructions. Any interest or investment earnings derived from the funds are recorded as net assets with donor restrictions and may be used for operations when appropriated by the Region.

Functional Allocation of Expenses: ASU 2016-14 requires the Region to provide an analysis of expenses by both natural and functional classification. Natural expenses are defined by their nature such as salaries and wages, employee benefits and supplies, etc. Functional expenses are classified by type of activity for which expenses were incurred, for example, direct program costs and management and general. Expenses were allocated by function using a reasonable and consistent approach that was primarily based on the percentage of staffing costs or square footage directly attributable by function.

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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions: Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. The gifts are reported as restricted support if they are received 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 restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of activities and changes in net assets as "net assets released from restrictions". Donor-restricted contributions whose restrictions are met within the same year as received are reflected as contributions without donor restrictions in the accompanying financial statements.

Investment Securities: Investments are in securities with readily determinable fair values and all investments made in debt and equity securities are valued at their fair values in the statements of financial position. Realized and unrealized gains and losses are included in the increase (decrease) in net assets in the statements of activities and changes in net assets.

Fair Value: As defined by accounting principles generally accepted in the United States of America, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The principle applies to all assets and liabilities that are being measured and reported on a fair value basis and enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values and requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

As of December 31, 2018, and 2017, the Region has determined the fair value of its investments is based on level 1 inputs.

Property and Equipment: Property and equipment is recorded at cost. Contributed assets are recorded at their fair value at the date of contribution. Significant purchases and improvements that extend the useful life of an asset are capitalized. Repairs and maintenance are charged to expense in the period incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Estimated useful lives are five years for furniture, fixtures and equipment, and eighteen to thirty years for churches and parsonages. The cost and related accumulated depreciation of fixed assets are removed from the accounts as they are retired or otherwise disposed of and gain or loss, if any, is reflected in operations of the period. There was no depreciation expense for the years ended December 31, 2018 and 2017.

Impairment of Long-Lived Assets: If facts and circumstances exist that indicate the carrying values of the Region's capital assets to be held and used exceed their recoverable value, an impairment analysis is performed. The Region assesses the recoverability of its assets by comparing the projected undiscounted net cash flows associated with those assets to their respective carrying amounts. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets. There was no impairment recorded on long-lived assets by the Region in 2018 and 2017.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes: The Region is a not-for-profit organization exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and applicable state tax law. No provisions for federal or state income taxes have been made. The Region is not required to file tax returns in either the United States or New York jurisdiction because it is a religious organization.

Donated Services: The Region receives a substantial amount of services donated by its cooperating churches in carrying out the church's ministry. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition.

Subsequent Events: These financial statements have not been updated for subsequent events occurring after December 4, 2019, which is the date these financial statements were available to be issued.

NOTE 3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure that is, without donor or other restrictions limiting their use, within one year of December 31, 2018 are comprised of the following:

Financial assets:	
Cash and cash equivalents	\$ 18,090
Loans to churches	3,276
Investments	<u>880,422</u>
Total financial assets	901,788
Less amounts not available to be used within one year:	
Investments with donor restrictions	<u>321,076</u>
Financial assets available to meet general expenditures within one year	<u>\$ 580,712</u>

As part of the Region's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Region invests cash in excess of daily requirements in money market accounts and certificates of deposit. The Region does not have a line of credit but has not needed and is not expected to need to borrow funds to finance operations.

NOTE 4. INVESTMENTS

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2018 and 2017.

Money Market Funds: A public investment vehicle valued using \$1 for the net asset value ("NAV") per share.

Equities: Valued at the daily closing prices as reported on the active market on which the individual securities are traded. These securities are required to publish their daily NAV and to transact at that price. The equities held by the Region are deemed to be actively traded.

Mutual Funds: Valued at the daily closing prices as reported by the fund. Mutual funds held by the Region are open-end mutual funds that are registered with the U.S. Securities and Exchange commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Region are deemed to be actively traded.

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NOTE 4. INVESTMENTS (CONTINUED)

The Region believes its valuation methods are appropriate and consistent with other market participants, but the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investment securities are exposed to various risks, such as interest rate, market, economic conditions, world affairs and credit risks. Due to the high level of risk 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 such changes could materially affect the amounts reported in the accompanying financial statements.

A summary of investments at fair value at December 31, is as follows:

	<u>Fair Value</u>	
	<u>2018</u>	<u>2017</u>
Money Market Funds	\$ 112,821	\$ 64,166
Equities	-	80,000
Mutual Funds		
Income Fund	49,549	69,143
Equity Fund	258,799	200,928
Balanced Fund	344,323	412,028
Total Return Fund	<u>114,930</u>	<u>87,151</u>
Total	<u>\$ 880,422</u>	<u>\$ 913,416</u>

	<u>December 31, 2018</u>		
	<u>Fair Value</u>	<u>Cost Basis</u>	<u>Unrealized Loss</u>
Money Market Fund	\$ 112,821	\$ 112,821	\$ -
Mutual Funds	<u>767,601</u>	<u>775,965</u>	<u>(8,364)</u>
	<u>\$ 880,422</u>	<u>\$ 888,786</u>	<u>\$ (8,364)</u>

	<u>December 31, 2017</u>		
	<u>Fair Value</u>	<u>Cost Basis</u>	<u>Unrealized Gain</u>
Money Market Fund	\$ 64,166	\$ 64,166	\$ -
Equities	80,000	80,000	-
Mutual Funds	<u>769,250</u>	<u>664,189</u>	<u>105,061</u>
	<u>\$ 913,416</u>	<u>\$ 808,355</u>	<u>\$ 105,061</u>

**AMERICAN BAPTIST CHURCHES OF THE
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NOTES TO THE FINANCIAL STATEMENTS

See Independent Accountant's Review Report

NOTE 5. NET ASSETS WITH DONOR RESTRICTIONS

The Region maintains endowments consisting of numerous individual donor-restricted funds established for a variety of purposes, which are held in perpetuity. Net assets associated with endowment funds are classified and reported based on donor-imposed restrictions.

Subject to expenditure for specific purpose

In 2006, the Executive Board of the Region designated the Mutual Assistance Fund a board restricted investment account whereby investment income earned could be used to provide small grants to region churches for special purposes and emergency assistance for clergy. The principal and interest is restricted for the said purpose. In addition, the portfolio guideline is: cash and cash equivalents 10-40%, fixed income securities 30-60%, and equities 40-60%. The balance of the restricted endowment was \$0 and \$24,625 at December 31, 2018 and 2017, respectively.

The Region operates a Special Fund, which consisted of pooled monies received and specifically intended to support various program activities and grants. In the year the restriction is satisfied, amounts are recorded as transfers between net assets with donor restrictions and net assets without donor restrictions in the statement of activities. When the fund was started, the original principal contribution in the amount of \$8,060 was to be preserved; however, there was no permanent restriction on the use of the principal value contributed. In 2015, the Region received a principal contribution in the amount of \$12,000 to be preserved. The portfolio guideline is only cash and cash equivalents. The principal value has been preserved as of December 31, 2018 and 2017. In 2016, the Special Fund was closed and all monies, except for the original principal contributions and related investment earnings were transferred into the 21st Century Fund, a board designated fund. The balance of the restricted endowment was \$20,422 at December 31, 2018 and 2017.

In accordance with endowments held in perpetuity, the investment earnings are recorded as net assets with donor restriction until designated for use. The earnings under the Calvary Endowment Fund, Parma Endowment Fund and South Ave Baptist Fund are \$34,572 and \$34,800 at December 31, 2018 and 2017, respectively. See the following three paragraphs for further description.

Subject to spending policy and appropriation

The Calvary Endowment Fund arose from the sale of a vacated church building owned by a disbanded congregation. The income (interest and dividends) of the fund is to be used to support mission work: 50% for local and national mission needs and 50% for international mission needs. The Region withdraws the funds utilizing the total return concept, whereby withdrawals of 5% of the five-year moving average of the fair value of the portfolio are taken to protect the value of the principal. In addition, the portfolio guideline is: cash and cash equivalents 5-20%, fixed income securities 20-60%, and equities 40-70%. During 2018 and 2017 draws of \$13,500 and \$14,000, respectively, were made and included as transfers between net assets with donor restrictions and net assets without donor restrictions. The principal value of the endowment was \$87,520 at December 31, 2018 and 2017.

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NOTE 5. NET ASSETS WITH DONOR RESTRICTIONS

The Region was designated as a beneficiary upon the dissolution of the South Avenue Baptist Church. The income (interest and dividends) of the fund is to be distributed to the Region and specific cooperating churches to support their operations. The Region withdraws the funds utilizing the total return concept, whereby withdrawals of 5% of the five-year moving average of the market value of the portfolio are taken to protect the value of the principal. In addition, the portfolio guideline is: cash and cash equivalents 5-20%, fixed income securities 20-60%, and equities 40-70%. During 2018 and 2017 draws of \$10,000 and \$9,000, respectively, were made and included as transfers between net assets with donor restrictions and net assets without donor restrictions. The principal value of the endowment was \$174,417 at December 31, 2018 and 2017.

The Region was designated as a beneficiary upon the dissolution of the Parma Baptist Church. The income (interest and dividends) of the fund is to be distributed to the Region and specific cooperating churches to support their operations. When the fund was started, the original principal contribution in the amount of \$50,000 was to be preserved. The principal value of the endowment was \$50,000 at December 31, 2018 (\$0 – 2017). In addition, the portfolio guideline is: cash and cash equivalents 5-20%, fixed income securities 20-60%, and equities 40-70%.

NOTE 6. NET ASSETS WITHOUT DONOR RESTRICTIONS

In 2003, the Region was designated as a beneficiary upon the dissolution of the Church of the Master (Baptist). The monies are to be held in an investment for 10 years within interest and dividends to be used to support operations. On the maturity date the principal investment becomes unrestricted to be used at the Region's discretion. In addition, the portfolio guideline is: cash and cash equivalents 5-20%, fixed income securities 20-60%, and equities 40-70%. The principal value of the investment was \$213,385. On January 30, 2013, the investment was released from restriction. The investments are now to be used at the discretion of the Region's Executive Board. The balance of the board designated endowment was \$233,796 and \$250,387 at December 31, 2018 and 2017, respectively.

In 2006, the Executive Board of the Region established an endowment fund to secure monies for the future of the Region. The endowment is invested in a portfolio that is managed at: cash and cash equivalents 5-20%, fixed income securities 20-60%, and equities 40-70%. The balance of the board designated endowment was \$98,511 and \$109,783 at December 31, 2018 and 2017, respectively.

In 2013, the Region was designated as a beneficiary upon the dissolution of the San Leandro Community Church. The principal value of these amounted to \$150,000. The Executive Board of the Region established an endowment fund to secure monies for the future of the Region. The endowment is invested in a portfolio that is managed at: cash and cash equivalents 5-20%, fixed income securities 20-60%, and equities 40-70%. The balance of these board designated funds were \$137,873 and \$157,431 for the years ended December 31, 2018 and 2017, respectively.

NOTE 7. ENDOWMENTS

The Region has attempted to provide a predictable stream of funding to programs supported by their endowments while seeking to maintain the purchasing power of the endowment assets. The Region's funds are invested with a goal of producing the highest long-term rate of return without materially exceeding an acceptable level of long-term volatility. Endowment assets are invested in the equities and mutual funds.

Total return on donor-designated endowment funds is reported in net assets with donor restrictions. The total amounts accumulated are considered available for distribution. Funds without donor restrictions are distributed in the same year as the investment returns are received.

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NOTE 7. ENDOWMENTS (CONTINUED)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the original gift. There were no deficiencies as of December 31, 2018 and 2017.

Interpretation of Relevant Law

Net assets with donor restrictions subject to the Region's spending policy and appropriation represent endowments that have been restricted by donors to be maintained in perpetuity. The Region follows the requirements of the New York Prudent Management of Institutional Funds Act (NYPMIFA) passed into law effective September 2010 as they relate to these net assets. Prior to the enactment of the law, the Region followed the requirements of the Uniform Management of Institutional Funds Act (UMIFA). The Region interpreted NYPMIFA, which did not have a significant effect on the Region's endowment policies that were in effect prior to the enactment requiring the preservation of the fair value of the original gift, as of the gift date, of the donor-restricted endowment fund absent explicit donor stipulations to the contrary.

The Region classifies as net assets with donor restrictions subject to Region spending policy and appropriation the original value of the gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment. Returns on the permanent endowment are used in accordance with the direction of the applicable donor gift. Returns on endowment net assets are classified as net assets with donor restrictions subject to expenditure for specific purpose until the amounts are appropriated for expenditure in accordance with a manner consistent with the standard of prudence prescribed by NYPMIFA.

The Region considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Region and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Region
- (7) The investment policies of the Region

Changes in endowment net assets as of December 31, 2018 and 2017 are as follows:

	<u>Board Designated</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, January 1, 2017	\$ 482,463	\$ 371,784	\$ 854,247
Investment income	59,728	15,000	74,728
Contributions	710	-	710
Appropriation of endowment assets for expenditure	<u>(25,300)</u>	<u>(45,000)</u>	<u>(70,300)</u>
Endowment net assets, December 31, 2017	\$ <u>517,601</u>	\$ <u>341,784</u>	\$ <u>859,385</u>

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NOTE 7. ENDOWMENTS (CONTINUED)

	<u>Board Designated</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, January 1, 2018	\$ 517,601	\$ 341,784	\$ 859,385
Investment income	(23,895)	19,752	(4,143)
Contributions	8,434	69,447	77,881
Appropriation of endowment assets for expenditure	<u>(31,250)</u>	<u>(64,052)</u>	<u>(95,302)</u>
Endowment net assets, December 31, 2018	\$ <u>470,890</u>	\$ <u>366,931</u>	\$ <u>837,821</u>

NOTE 8. RETIREMENT PLAN

The Region makes a retirement contribution on behalf of its ministerial and full-time employees. Contributions amount to 16% of salaries, as determined by American Baptist Churches/USA, and totaled \$10,907 and \$14,224 for the years ended December 31, 2018 and 2017, respectively.

NOTE 9. LEASE AGREEMENT

In 2017, the Region renewed its lease agreement with the Baptist Temple until December 31, 2020 with monthly installments of \$400. The rent expense was \$4,800 for the years ended December 31, 2018 and 2017, respectively. The aggregate future minimum payments under these operating leases at December 31, 2018 are as follows:

2019	\$ 4,800
2020	<u>4,800</u>
	<u>\$ 9,600</u>

