AMERICAN BAPTIST CHURCHES OF THE ROCHESTER/GENESEE REGION

FINANCIAL STATEMENTS

June 30, 2024

Heveron&Company
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

We have reviewed the accompanying financial statements of American Baptist Churches of the Rochester/Genesee Region (a New York State nonprofit organization), which comprise the statement of financial position as of June 30, 2024, the related statements of activities, functional expenses and cash flows for the year 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 for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility
Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. 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. We are required to be independent of American Baptist Churches of the Rochester/Genesee Region and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion
Based on our review, 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.

Heveron & Company

Heveron & Company
Certified Public Accountants

Rochester, New York
September 20, 2024

AMERICAN BAPTIST CHURCHES OF THE ROCHESTER/GENESEE REGION
STATEMENT OF FINANCIAL POSITION
June 30, 2024

ASSETS

Current Assets	
Cash and Cash Equivalents	$ 10,291
Accounts Receivable	5,031
Prepaid Expenses	655
Total Current Assets	15,977
Other Assets	
Right-of-Use Asset - Operating Lease	15,058
Investments	1,592,329
Total Other Assets	1,607,387
TOTAL ASSETS	$1,623,364

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts Payable and Accrued Expenses	$ 9,154
Current Portion of Operating Lease Liability	5,852
Total Current Liabilities	15,006
Long Term Debt	
Operating Lease Liability, Net of Current Portion	9,086
Total Liabilities	24,092
Net Assets	
Without Donor Restrictions:	
Designated by the Board for Endowment	555,982
Undesignated	6,943
Total Net Assets Without Donor Restrictions	562,925
With Donor Restrictions:	
Purpose Restrictions	1,036,347
Total Net Assets	1,599,272
TOTAL LIABILITIES AND NET ASSETS	$1,623,364

See Accompanying Notes to Financial Statements.

AMERICAN BAPTIST CHURCHES OF THE ROCHESTER/GENESEE REGION

STATEMENT OF ACTIVITIES

For The Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	$ 156,173	$ -	$ 156,173
Investment Income	15,089	32,994	48,083
Specific Ministries	4,443	-	4,443
Other Income	100	-	100
Net Assets Released from Restrictions			
Pursuant to Endowment Spending	38,414	(38,414)	-
Total Support and Revenue	214,219	(5,420)	208,799
Expenses			
Program Services	158,980	-	158,980
Management and General	62,762	-	62,762
Total Expenses	221,742	-	221,742
Change in Operating Net Assets	(7,523)	(5,420)	(12,943)
Other Revenues, (Expenses), Gains and (Losses)			
Net Investment Returns	33,734	63,520	97,254
Total Other Revenues, (Expenses), Gains and (Losses)	33,734	63,520	97,254
Change in Net Assets	26,211	58,100	84,311
Net Assets - Beginning of Year	536,714	978,247	1,514,961
Net Assets - End of Year	$ 562,925	$ 1,036,347	$ 1,599,272

See Accompanying Notes to Financial Statements.

AMERICAN BAPTIST CHURCHES OF THE ROCHESTER/GENESEE REGION
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended June 30, 2024

	Program Services	Management and General	Total
Salaries, Taxes and Employee Benefits	$ 77,991	$ 45,356	$ 123,347
Grants to Specific Ministries	57,706	-	57,706
Office and Other Expenses	8,706	4,413	13,119
Professional Fees	629	10,133	10,762
Occupancy	4,918	2,860	7,778
Staff Travel and Reimbursed Expenses	7,718	-	7,718
Dues and Assessments	1,312	-	1,312
Total Expenses	$ 158,980	$ 62,762	$ 221,742

See Accompanying Notes to Financial Statements.

AMERICAN BAPTIST CHURCHES OF THE ROCHESTER/GENESEE REGION
STATEMENT OF CASH FLOWS
For The Year Ended June 30, 2024

Cash Flow From Operating Activities	
Change in Net Assets	$ 84,311
Noncash Expenses, Revenues, Losses and Gains:	
Net Realized/Unrealized (Gain)/Loss on Investment	(104,616)
Decrease/(Increase) In:	
Accounts Receivable	2,050
Prepaid Expenses	254
Right-of-Use Asset - Operating Lease	5,146
Increase/(Decrease) In:	
Accounts Payable and Accrued Expenses	1,722
Operating Lease Liability	(5,536)
Net Cash Flow Provided/(Used) By Operating Activities	(16,669)
Cash Flow From Investing Activities	
Proceeds from Sale of Investments	200,339
Purchase of Investments	(186,519)
Net Cash Flow Provided/(Used) By Investing Activities	13,820
Net Increase/(Decrease) in Cash and Cash Equivalents	(2,849)
Cash and Cash Equivalents - Beginning of the Year	13,140
Cash and Cash Equivalents - End of the Year	$ 10,291

See Accompanying Notes to Financial Statements.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

American Baptist Churches of the Rochester/Genesee Region (the Region) is a nonprofit organization, incorporated in 1827 under section 803 of the New York State Not-for-Profit Corporate 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. The Region obtains its support directly and indirectly from individuals and organizations in the community.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Net Assets

In accordance with accounting principles generally accepted in the United States of America, the Region reports information regarding its financial position and activities according to the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions for a board-designated endowment.

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

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, based on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

The Region recognizes contributions when cash, securities or other assets, an unconditional promise to give or a notification of a beneficial interest is received. Contributions that are expected to be received in future years are recorded at their present value. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

Income Taxes

The Internal Revenue Service has determined that the Region is qualified as a charity exempt under Section 501(c)(3) of the Internal Revenue Code. As a result, no provision for federal or state income taxes has been made.

Use of Estimates in the Preparation of Financial Statements

Accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the amounts of assets and liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Actual results could vary from those estimates.

Property and Equipment

Property and equipment are stated at cost. The Region capitalizes property and equipment with a cost of over $5,000 and an estimated life of three or more years. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets.

Functional Expenses

The costs of providing the various program services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program, and management and general categories. An immaterial amount of fund raising costs for the year ended June 30, 2024 are included in management and general expenses.

Expenses are allocated to program and supporting services on the following basis:

(a) Management and general expenses are costs not directly related to the Region's purpose and include those costs for oversight, management, general recordkeeping, budgeting, soliciting grants and payroll functions.
(b) Personnel expenses are allocated on the basis of direct salaries.
(c) Occupancy costs are allocated on the basis of space used.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Determining Fair Value of Financial Assets and Liabilities

Accounting principles generally accepted in the United States of America established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation method are unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2: Inputs to the valuation method include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

Level 3: Inputs to the valuation method are unobservable and significant to the fair value measurement.

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

Cash, Cash Equivalents, and Restricted Cash

For the purposes of the statements of cash flows, cash, cash equivalents and restricted cash include all cash on hand and in banks, which, at times, may exceed federally insured limits. The Region considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Region has not experienced any losses in these accounts and does not believe it is exposed to any significant credit risk with respect to cash, cash equivalents and restricted cash. The Region had no restricted cash at June 30, 2024. Cash and cash equivalents consisted of a checking account at June 30, 2024.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements

On July 1, 2023, the Region adopted ASU 2016-13 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including loan receivables. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses. The Region adopted ASC 326 and all related subsequent amendments thereto effective July 1, 2023 using the modified retrospective transition approach for all financial assets. Accordingly, financial information for periods prior to the date of initial application has not been adjusted. This required recognition had no current impact to the Region's financial statements.

In-kind Contributions

Contributed nonfinancial assets may include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. Contributed goods and services are recorded at fair value at the date of donation. The Region does not sell donated gifts-in-kind. No significant contributions of such goods or services were received during the year ended June 30, 2024.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect. Amounts that management believes to be uncollectible after collection efforts have been completed are written off. In addition, management evaluates the need for, and if appropriate, provides an allowance to reduce receivables to amounts management expects will be collected. Management determines the allowance for uncollectible accounts receivable based on historical information, adjusted for current conditions, and reasonable and supportable forecasts. Management determined that no allowances were necessary at June 30, 2024.

NOTE 2 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, such as operating expenses, that is without donor or other restrictions limiting their use within one year of June 30 2024, are comprised of the following:

Cash and Cash Equivalents	$ 10,291
Accounts Receivable	5,031
Investments	1,592,329
Less: Board Designations	(555,982)
Less: Donor Restrictions	(1,036,347)
	$ 15,322

Although the board-designated endowment fund is intended for specific uses, the board has the ability to make earnings from and even the principal of that fund available for general expenditures if necessary.

NOTE 3 - 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 Church/USA and amounted to $12,296 for the year ended June 30, 2024.

NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following at June, 30 2024:

Subject to endowment spending policy and appropriation:	
Specific Mission, Ministries, and Foundations	$ 499,714
Operations	290,791
Clergy/Lay Education, Ministerial Leader Health, and Vocational Discernment	131,370
International Mission Needs	48,054
Local Mission Needs	48,054
Master of Divinity Program Grants	18,364
Total Net Assets with Donor Restrictions	$1,036,347

NOTE 5 - INVESTMENTS

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair market value. Unrealized gains or losses on securities result from differences between the cost and fair market value of securities on a specified valuation date.

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

Some investments are held in investment funds managed by professional investment advisors. As of June 30, 2024, the investments consisted primarily of mutual funds.

Pooled investments are held in investment funds managed by American Baptists Foundation (the Foundation). The value of these holdings is based on the Region's proportional ownership in the Foundation's pooled funds based on net asset value. The fair value of all of the investments is based on Level 2 inputs in the hierarchy as described in Note 1 for the year ended June 30, 2024.

The fair value of investments held by the Foundation is taken from the statements that the Foundation provides with investment values at year-end. The Foundation values the securities in the fund based on quoted market prices, when available. The Foundation also holds fixed income securities with no quoted market prices available. Those fixed income securities are valued based on information on comparative securities, prevailing interest rates, and other factors. The value of the investment is reported by the Foundation at its net asset value. There were no changes in the valuation techniques during the year. A summary of all investments at market value at June 30, 2024 are as follows:

	Level 1	Level 2	Level 3	Totals
Money Market Fund	$ 10,189	$ -	$ -	$ 10,189
Mutual Funds	782,043	-	-	782,043
Pooled Investments	-	800,097	-	800,097
Totals	$ 792,232	$ 800,097	$ -	$ 1,592,329

NOTE 6 - DONATED SERVICES AND GOODS

The Region receives donated services that do not meet the criteria for recording as revenue and expense under accounting principles generally accepted in the United States of America. During the year ended June 30, 2024, several individuals volunteered on the board and for projects.

NOTE 7 - ENDOWMENTS

The Region's endowment consists of several individual funds established for a variety of purposes. Its endowments include both donor-restricted funds and funds designated by the board of directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments are classified and reported based on the existence or absence of donor-imposed restrictions or board designations.

<u>Interpretation of Relevant Law</u>
The Region has interpreted the New York Prudent Management of Institutional Funds Act (NYPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Region classifies as net assets with donor restrictions, the original value of gifts donated to the perpetual endowment, the original value of subsequent gifts to the perpetual endowment, and accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with 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 various funds, (2) the purposes of the donor-restricted endowment funds, (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) where appropriate and circumstances would otherwise warrant alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Region, and (8) the Region's investment policies.

NOTE 7 - ENDOWMENTS (Continued)

Investment Return Objectives, Risk Parameters and Strategies

The Region has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding for programs supported by these investments while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well diversified asset mix, which includes cash and cash equivalent (5-20%), fixed income (20-60%), and equity securities (40-70%), that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5% of the five year moving average of the market value of the portfolio, while growing the funds if possible. Therefore, the Region expects its endowment assets, over time, to grow. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy

The Region has a policy of appropriating for distribution each year 5% of its endowment fund's five year moving average of the market value of the portfolio. In establishing this policy, the Region considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Region expects the current spending policy to allow its endowment funds to grow in a fairly conservative manner. This is consistent with the Region's objectives to maintain the purchasing power of the endowment assets, as well as to provide additional real growth through new gifts and investment return.

From time to time certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Board of Directors of the Region has interpreted NYPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no such deficiencies as of June 30, 2024.

NOTE 7 - ENDOWMENTS (Continued)

Endowment net asset composition by type of fund as of June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment fund	$ 523,287	$ -	$ 523,287
Donor-restricted endowment fund:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	834,759	834,759
Accumulated investment gains	32,695	201,588	234,283
Total Endowment Net Assets	$ 555,982	$ 1,036,347	$ 1,592,329

Changes in endowment net assets as of June 30, 2024 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - July 1, 2023	$ 523,287	$ 978,247	$ 1,501,534
Investment Income	15,089	32,994	48,083
Net Investment Return	33,915	63,520	97,435
Contributions	-	-	-
Appropriation of endowment assets pursuant to spending rate policy	-	(38,414)	(38,414)
Other Changes:			
Distribution from board-designated endowment pursuant to distribution policy	(16,309)	-	(16,309)
Endowment Net Assets - June 30, 2023	$ 555,982	$ 1,036,347	$ 1,592,329

NOTE 8 - BOARD-DESIGNATED NET ASSETS

In 2003, the Board was designated a beneficiary upon the dissolution of The Church of the Master. The monies are to be held in the investment for 10 years with 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. The principal value of the investment was $213,385. On January 30, 2013 the investment was released from restrictions. The investments are now to be used at the discretion of the Region's Executive Board. The balance of the board-designated endowment was $255,463 at June 30, 2024.

In 1954, the Executive Board of Region established a Mutual Assistance Fund to be used to provide small grants to region churches for specific purposes. The balance of the board-designated endowment was $63,936 at June 30, 2024.

In 2013, the Region was designated as the beneficiary of $150,000 upon the dissolution of the San Leandro Community Church. The Executive Board of the Region established an endowment fund to secure monies for the future of the Region. The balance of the board-designated endowment was $149,870 at June 30, 2024.

In 2020, the Abundant Blessings Fund (formerly known as the ABF fund) was approved by the board. This endowment holds funds established from American Baptist Foundation and other bequests. The balance of the board-designated endowment was $86,713 at June 30, 2024.

NOTE 9 - LEASES

The Region determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statements of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Region does not report ROU assets and leases liabilities for its immaterial or short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

NOTE 9 - LEASES (Continued)

The Region evaluated current contracts to determine which met the criteria of a lease. The ROU assets represent the Region's right to use underlying assets for the lease term, and the lease liabilities represent the Region's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The Region has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments.

The Region's operating lease is a real estate lease for office space. The two year lease term includes a three-year extension, available at the Region's option, which it is reasonably certain to exercise. Therefore, the payments associated with these extensions are included in the ROU asset and the lease liability recognized as of June 30, 2024.

The following summarizes the weighted average remaining lease term and discount rate as of June 30, 2024:

Weighted Average Remaining Lease Term	
Operating leases	2.5 years
Weighted Average Discount Rate	
Operating leases	3%

Future maturities of lease liabilities are presented in the following table, for the years ending June 30:

	Operating
2025	$ 6,300
2026	6,300
2027	3,150
Total Lease Payments	15,750
Less Present Value Discount	(812)
Total Lease Obligations	$ 14,938

NOTE 9 - LEASES (Continued)

The following summarizes the line items in the statements of activities which include the components of lease expense for the year period ended June 30, 2024:

Operating lease expense included in program services expenses	$	3,893
Operating lease expense included in management and general expenses		2,287
Total operating lease costs	$	6,180

Supplemental Disclosures of Non-Cash Investing and Financing Activities

The following summarizes cash flow information related to leases for the year period ended June 30, 2024:

Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$	6,180

NOTE 10 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 20, 2024, which is the date the statements were available for issuance.