



July 27, 2022

To The Executive Board
American Baptist Churches of the Rochester/Genesee Region
1230 Long Pond Road
Rochester, NY 14626

Dear Committee Members:

Our review is designed to help you safeguard your assets and to report your financial activity and account balances accurately and properly. As we perform our review procedures we also look for circumstances where you can operate more efficiently. This letter includes observations from our recently completed review.

Our Responsibilities to You

The scope of an accountant's review is substantially less than an audit. Consequently, we do not provide an opinion as we do with an audit. Review engagement standards require that we understand your operations and that we perform certain analytical procedures such as analyzing your account balances. We will also make inquiries to make sure that you understand recordkeeping and financial reporting responsibilities.

Your Responsibilities

It is your responsibility to be sure that proper standards of business practice have been set, that policies and procedures exist to ensure that your directives are carried out, and that you have an appropriate system for recording and reporting financial transactions, and appropriate internal controls, including proper business practices and separation of the responsibilities of custody and recordkeeping, and that transactions are properly documented.

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The Role of Internal Controls

Internal controls are managements' standards to safeguard your assets. They include the following components:

- ✓ Setting expectations of integrity and ethical conduct, with actions such as proper hiring and training,
- ✓ Assessing risks based on your operations and your staffing,
- ✓ Establishing control activities, such as separation of responsibilities, to reduce risks,
- ✓ Communications from senior management to all involved staff about internal controls, and
- ✓ Monitoring - ongoing evaluation of whether controls are appropriate and are working.

While we did not audit your internal controls or other areas, we do have some recommendations as a result of our review.

Policies and Documentation

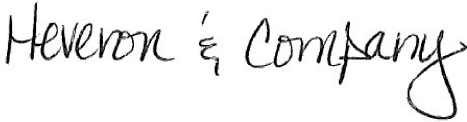
- You have harassment and dispute policies, but to have a true whistleblower policy these should be expanded to explain to employees how to report other improper activities (such as violation of laws, abuse of authority, creating danger to health or safety, or material waste of resources) and to protect employees who have accurately reported improper actions, against retaliation. Communications from employees have been identified as the most effective internal control by the American Institute of CPAs and by the Association of Certified Fraud Examiners, so you should encourage these communications. We understand you are in the process of creating this policy.
- You should have a policy manual that documents your computer backup, security and anti-virus/malware procedures. Policies to protect electronic information are essential to protect loss of important data and to prevent improper access to employee, donor or client information. Written policies reduce the possibility of misunderstandings and help assure that proper procedures are consistently followed. Some of the items that should be in your policy manual include:
 - * what will be backed up, how and how often, and how backups will be verified,
 - * restrictions on employees posting to social media sites
 - * access to programs will be granted on a need to use basis
 - * computers will be logged off or shut down at night
 - * encryption of laptops
 - * updates to your operating system and key programs
 - * security for handheld devices that can access email or other applications on your server
 - * procedures about what happens when employees leave or are terminated. These procedures should describe the steps to be taken when someone leaves the organization. This should include immediately disabling access rights, passwords, and email accounts. Administrative passwords should be changed if the person had any administrative rights
 - * Your Internet usage policy should state the Internet can only be used for business purposes. It should also state that employees should have management approval before downloading or installing any programs. This communicates your expectations about computer and Internet use and will help you take disciplinary action if these procedures are violated.

Recordkeeping and Other Matters

- To ensure consistency of accounting treatment and simplify recordkeeping, you should have a formal policy for capitalizing fixed assets. For example, items that will last for more than two years and have a cost of more than \$5,000 should be capitalized and amounts under either of those limits should be expensed when they are put in service. A higher capitalization limit simplifies your record keeping. We recommend creating a capitalization policy of no less than \$5,000.

Please contact us if you have any questions about this letter or if we can help in any other way.

Sincerely,

A handwritten signature in black ink that reads "Heveron & Company". The signature is written in a cursive, flowing style.

Heveron & Company CPAs

AMERICAN BAPTIST CHURCHES OF THE ROCHESTER/GENESEE REGION

FINANCIAL STATEMENTS

December 31, 2021



TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT ACCOUNTANTS' REVIEW REPORT	1
FINANCIAL STATEMENTS	
Balance Sheets	3
Statement of Activities	5
Statement of Functional Expenses	6
Statements of Cash Flows	7
Notes to Financial Statements	8



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 balance sheets as of December 31, 2021 and 2020, the related statements of cash flows for the years then ended, and the related statements of activities and functional expenses for the year ended December 31, 2021, 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.

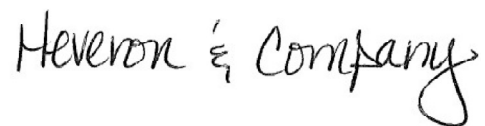


Accountants' Conclusion

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.

Report on Summarized Comparative Information

The prior year summarized comparative information contained in the statements of activities and functional expenses has been derived from American Baptist Churches of the Rochester/Genesee Region's 2020 financial statements and, in our review report dated September 21, 2021, we stated that we were not aware of any material modifications that should be made to those financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Heveron & Company".

Heveron & Company
Certified Public Accountants

Rochester, New York
August 5, 2022

AMERICAN BAPTIST CHURCHES OF THE ROCHESTER/GENESEE REGION
BALANCE SHEETS
December 31, 2021 and 2020

ASSETS

	<u>2021</u>	<u>2020</u>
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 4,012	\$ 16,340
Accounts Receivable	17,587	15,136
Prepaid Expenses	<u>1,143</u>	<u>-</u>
Total Current Assets	<u>22,742</u>	<u>31,476</u>
 <u>Property and Equipment</u>		
Land	-	25,600
Buildings and Improvements	-	230,300
Less: Accumulated Depreciation	<u>-</u>	<u>(230,300)</u>
Net Property and Equipment	<u>-</u>	<u>25,600</u>
 <u>Other Assets</u>		
Investments	<u>1,107,680</u>	<u>1,036,268</u>
Total Other Assets	<u>1,107,680</u>	<u>1,036,268</u>
TOTAL ASSETS	<u>\$1,130,422</u>	<u>\$1,093,344</u>

LIABILITIES AND NET ASSETS

	<u>2021</u>	<u>2020</u>
<u>Current Liabilities</u>		
Accounts Payable and Accrued Expenses	\$ 7,991	\$ 3,963
Current Portion of Long Term Debt	<u>-</u>	<u>12,694</u>
Total Current Liabilities	<u>7,991</u>	<u>16,657</u>
 Long Term Debt	<u>-</u>	<u>10,741</u>
Total Liabilities	<u>7,991</u>	<u>27,398</u>
 <u>Net Assets</u>		
Without Donor Restrictions:		
Designated by the Board for Endowment	663,302	618,489
Undesignated	<u>14,751</u>	<u>29,678</u>
Total Net Assets Without Donor Restrictions	<u>678,053</u>	<u>648,167</u>
 With Donor Restrictions:		
Purpose Restrictions	<u>444,378</u>	<u>417,779</u>
Total Net Assets	<u>1,122,431</u>	<u>1,065,946</u>
 TOTAL LIABILITIES AND NET ASSETS	<u><u>\$1,130,422</u></u>	<u><u>\$1,093,344</u></u>

See Accompanying Notes to Financial Statements.

AMERICAN BAPTIST CHURCHES OF THE ROCHESTER/GENESEE REGION
STATEMENT OF ACTIVITIES

For The Year Ended December 31, 2021

(With Comparative Totals For The Year Ended December 31, 2020)

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Totals</u>	
			<u>2021</u>	<u>2020</u>
<u>Support and Revenue</u>				
Contributions	\$ 105,552	\$ -	\$ 105,552	\$ 123,635
Investment Income	18,850	12,987	31,837	19,306
Specific Ministries	3,817	-	3,817	10,755
Paycheck Protection Program				
Loan Forgiveness	23,435	-	23,435	-
Net Assets Released from Restrictions				
Pursuant to Endowment Spending	<u>19,000</u>	<u>(19,000)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>170,654</u>	<u>(6,013)</u>	<u>164,641</u>	<u>153,696</u>
<u>Expenses</u>				
Program Services	106,623	-	106,623	113,266
Management and General	<u>56,758</u>	<u>-</u>	<u>56,758</u>	<u>67,430</u>
Total Expenses	<u>163,381</u>	<u>-</u>	<u>163,381</u>	<u>180,696</u>
Change in Operating Net Assets	<u>7,273</u>	<u>(6,013)</u>	<u>1,260</u>	<u>(27,000)</u>
<u>Other Revenues, (Expenses), Gains and (Losses)</u>				
Loss on Sale of Property	(25,600)	-	(25,600)	-
Net Investment Returns	<u>48,213</u>	<u>32,612</u>	<u>80,825</u>	<u>101,502</u>
Total Other Revenues, (Expenses), Gains and (Losses)	<u>22,613</u>	<u>32,612</u>	<u>55,225</u>	<u>101,502</u>
Change in Net Assets	29,886	26,599	56,485	74,502
Net Assets - Beginning of Year	<u>648,167</u>	<u>417,779</u>	<u>1,065,946</u>	<u>991,444</u>
Net Assets - End of Year	<u>\$ 678,053</u>	<u>\$ 444,378</u>	<u>\$ 1,122,431</u>	<u>\$ 1,065,946</u>

See Accompanying Notes to Financial Statements.

AMERICAN BAPTIST CHURCHES OF THE ROCHESTER/GENESEE REGION
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2021
(With Comparative Totals For The Year Ended December 31, 2020)

	Program	Management	<u>Totals</u>	
	<u>Services</u>	<u>and General</u>	<u>2021</u>	<u>2020</u>
Salaries, Taxes and Employee Benefits	\$ 75,722	\$ 41,456	\$ 117,178	\$ 124,453
Grants to Specific Ministries	13,647	-	13,647	12,159
Professional Fees	-	10,157	10,157	11,166
Office and Other Expenses	5,620	2,583	8,203	21,157
Occupancy	4,678	2,562	7,240	7,767
Staff Travel and Reimbursed Expenses	4,399	-	4,399	1,670
Dues and Assessments	<u>2,557</u>	<u>-</u>	<u>2,557</u>	<u>2,324</u>
 Total Expenses	 <u>\$ 106,623</u>	 <u>\$ 56,758</u>	 <u>\$ 163,381</u>	 <u>\$ 180,696</u>

See Accompanying Notes to Financial Statements.

AMERICAN BAPTIST CHURCHES OF THE ROCHESTER/GENESEE REGION
STATEMENT OF CASH FLOWS
For The Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>Cash Flow From Operating Activities</u>		
Change in Net Assets	\$ 56,485	\$ 74,502
Noncash Expenses, Revenues, Losses and Gains:		
Paycheck Protection Program Loan Forgiveness	(23,435)	-
Net Realized/Unrealized Gain on Investment	(90,941)	(110,663)
Loss on Sale of Property	25,600	-
Decrease/(Increase) In:		
Accounts Receivable	(2,451)	(15,136)
Prepaid Expenses	(1,143)	-
Increase/(Decrease) In:		
Accounts Payable and Accrued Expenses	<u>4,029</u>	<u>(8,084)</u>
Net Cash Flow Provided/(Used) By Operating Activities	<u>(31,856)</u>	<u>(59,381)</u>
 <u>Cash Flow From Investing Activities</u>		
Proceeds from Sale of Investments	235,450	547,561
Purchase of Investments	<u>(215,922)</u>	<u>(509,721)</u>
Cash Flow Provided/(Used) By Investing Activities	<u>19,528</u>	<u>37,840</u>
 <u>Cash Flow From Financing Activities</u>		
Proceeds from Long Term Debt	<u>-</u>	<u>23,435</u>
Cash Flow Provided/(Used) By Financing Activities	<u>-</u>	<u>23,435</u>
 Net Increase/(Decrease) in Cash and Cash Equivalents	(12,328)	1,894
 Cash and Cash Equivalents - Beginning of Year	<u>16,340</u>	<u>14,446</u>
 Cash and Cash Equivalents - End of Year	<u>\$ 4,012</u>	<u>\$ 16,340</u>

See Accompanying Notes to Financial Statements.

AMERICAN BAPTIST CHURCHES OF THE ROCHESTER/GENESEE REGION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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 statements of activities as net assets released from restrictions.

AMERICAN BAPTIST CHURCHES OF THE ROCHESTER/GENESEE REGION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021
(Continued)

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.

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, as follows.

	<u>Years</u>
Buildings and Improvements	18-30

All assets were sold during the year ending December 31, 2021. All assets were fully depreciated resulting in no depreciation expense for the year ended December 31, 2020.

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 years ended December 31, 2021 and 2020 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.

AMERICAN BAPTIST CHURCHES OF THE ROCHESTER/GENESEE REGION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021
(Continued)

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 December 31, 2021 and 2020.

Cash and cash equivalents consisted of the following at December 31:

	2021	2020
Checking	\$ 2,516	\$ 15,315
Savings	1,496	1,025
Total	\$ 4,012	\$ 16,340

AMERICAN BAPTIST CHURCHES OF THE ROCHESTER/GENESEE REGION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021
(Continued)

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

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 determined that no allowances were necessary at December 31, 2021 and 2020.

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.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Region's financial statements for the year ended December 31, 2020 from which the summarized information was derived.

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 December 31, are comprised of the following:

	2021	2020
Cash and Cash Equivalents	\$ 4,012	\$ 16,340
Accounts Receivable	17,587	15,136
Investments	1,107,680	1,036,268
Less: Board Designations	(663,302)	(618,489)
Less: Donor Restrictions	(444,378)	(417,779)
	\$ 21,599	\$ 31,476

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.

AMERICAN BAPTIST CHURCHES OF THE ROCHESTER/GENESEE REGION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021
(Continued)

NOTE 3 - 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 December 31, 2021, 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 years ended December 31, 2021 and 2020.

The fair value of investments held by the Foundation are 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 December 31 are as follows:

2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Totals</u>
Money Market Fund	\$ 43,696	\$ -	\$ -	\$ 43,696
Mutual Funds	1,003,107	-	-	1,003,107
Pooled Investments	-	60,877	-	60,877
Totals	<u>\$ 1,046,803</u>	<u>\$ 60,877</u>	<u>\$ -</u>	<u>\$ 1,107,680</u>

AMERICAN BAPTIST CHURCHES OF THE ROCHESTER/GENESEE REGION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021
(Continued)

NOTE 3 - INVESTMENTS (Continued)

2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Totals</u>
Money Market Fund	\$ 42,375	\$ -	\$ -	\$ 42,375
Mutual Funds	938,536	-	-	938,536
Pooled Investments	-	55,357	-	55,357
Totals	<u>\$ 980,911</u>	<u>\$ 55,357</u>	<u>\$ -</u>	<u>\$ 1,036,268</u>

NOTE 4 - 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.

Interpretation of Relevant Law

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.

AMERICAN BAPTIST CHURCHES OF THE ROCHESTER/GENESEE REGION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021
(Continued)

NOTE 4 - 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 December 31, 2021 and 2020.

AMERICAN BAPTIST CHURCHES OF THE ROCHESTER/GENESEE REGION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021
(Continued)

NOTE 4 - ENDOWMENTS (Continued)

Endowment net asset composition by type of fund as of December 31, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment fund	\$ 363,385	\$ -	\$ 363,385
Donor-restricted endowment fund:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	311,667	311,667
Accumulated investment gains	299,917	132,711	432,628
Total Endowment Net Assets	\$ 663,302	\$ 444,378	\$ 1,107,680

Endowment net asset composition by type of fund as of December 31, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment fund	\$ 363,385	\$ -	\$ 363,385
Donor-restricted endowment fund:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	311,667	311,667
Accumulated investment gains	255,104	106,112	361,216
Total Endowment Net Assets	\$ 618,489	\$ 417,779	\$ 1,036,268

AMERICAN BAPTIST CHURCHES OF THE ROCHESTER/GENESEE REGION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021
(Continued)

NOTE 4 - ENDOWMENTS (Continued)

Changes in endowment net assets as of December 31, 2021 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets -			
Beginning of Year	\$ 618,489	\$ 417,779	\$ 1,036,268
Investment Income	18,850	12,987	31,837
Net Investment Return	48,213	32,612	80,825
Contributions	2,600	-	2,600
Other Changes:			
Distribution from board-designated endowment pursuant to distribution policy	<u>(24,850)</u>	<u>(19,000)</u>	<u>(43,850)</u>
Endowment Net Assets - End of Year	<u>\$ 663,302</u>	<u>\$ 444,378</u>	<u>\$ 1,107,680</u>

Changes in endowment net assets as of December 31, 2020 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets -			
Beginning of Year	\$ 577,239	\$ 386,206	\$ 963,445
Investment Income	11,029	7,883	18,912
Net Investment Return	59,421	42,690	102,111
Contributions	800	-	800
Other Changes:			
Distribution from board-designated endowment pursuant to distribution policy	<u>(30,000)</u>	<u>(19,000)</u>	<u>(49,000)</u>
Endowment Net Assets - End of Year	<u>\$ 618,489</u>	<u>\$ 417,779</u>	<u>\$ 1,036,268</u>

AMERICAN BAPTIST CHURCHES OF THE ROCHESTER/GENESEE REGION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021
(Continued)

NOTE 5 - 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 \$11,552 and \$13,090 for the years ended December 31, 2021 and 2020, respectively.

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following:

	2021	2020
Subject to endowment spending policy and appropriation:		
International Mission Needs	\$ 55,432	\$ 52,221
Local Mission Needs	55,432	52,221
Operations	333,514	313,337
Total Net Assets with Donor Restrictions	\$ 444,378	\$ 417,779

NOTE 7 - 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 2021 and 2020, several individuals volunteered on the board and for projects.

NOTE 8 - PAYCHECK PROTECTION PROGRAM LOAN

In May 2020, the Region applied for and was approved a \$23,435 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan was to accrue interest at 1%, but payments were not required to begin for six months after the funding of the loan. This was initially recorded as a note payable and subsequently recorded as forgiveness of debt when the loan obligation was legally released. Effective February 2021, the Region was granted forgiveness of the full amount of the loan and any related interest. The Region recognized \$23,435 of loan forgiveness income for the year ended December 31, 2021.

AMERICAN BAPTIST CHURCHES OF THE ROCHESTER/GENESEE REGION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021
(Continued)

NOTE 9 - 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 \$292,668 and \$274,594 at December 31, 2021 and 2020, respectively.

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 \$72,468 and \$68,343 at December 31, 2021 and 2020, respectively.

In 2006, the 21st Century Fund was approved by the Executive Board. This endowment holds funds established from American Baptist Foundation and other bequests. The balance of the board-designated endowment was \$64,865 and \$58,300 at December 31, 2021 and 2020, respectively.

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 \$172,424 and \$161,895 at December 31, 2021 and 2020, respectively.

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 \$60,877 and \$55,357 at December 31, 2021 and 2020, respectively.

AMERICAN BAPTIST CHURCHES OF THE ROCHESTER/GENESEE REGION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021
(Continued)

NOTE 10 - COMMITMENTS

The Region is obligated under an operating lease for facilities that is cancelable with 90 days notice. Rent expense for the years ended December 31, 2021 and 2020 totaled \$5,500 and \$6,000, respectively.

Future minimum lease payment commitments are as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ 6,000
2023	6,000
2024	6,000

NOTE 11 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 5, 2022, which is the date the statements were available for issuance.

AMERICAN BAPTIST CHURCHES OF THE ROCHESTER/GENESEE REGION
REVENUE AND EXPENSE ANALYSIS
December 31

<i>YEARS ENDING:</i>	2021	2020	2019
NUMERIC DATA			
SUPPORT AND REVENUE			
Contributions	\$ 105,552	\$ 123,635	\$ 114,700
Investment Income	31,837	19,306	23,421
Specific Ministries	3,817	10,755	8,641
Paycheck Protection Program Loan Forgiveness	<u>23,435</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>164,641</u>	<u>153,696</u>	<u>146,762</u>
EXPENSES			
Program Services	106,623	113,266	115,572
Management and General	<u>56,758</u>	<u>67,430</u>	<u>78,678</u>
Total Expenses	<u>163,381</u>	<u>180,696</u>	<u>194,250</u>
OTHER REVENUE, (EXPENSES), GAINS AND (LOSSES)			
Loss on Sale of Property	(25,600)	-	-
Net Investment Returns	<u>80,825</u>	<u>101,502</u>	<u>112,655</u>
Total Other Revenues, (Expenses), Gains and (Losses)	<u>55,225</u>	<u>101,502</u>	<u>112,655</u>
Change in Net Assets	<u>\$ 56,485</u>	<u>\$ 74,502</u>	<u>\$ 65,167</u>

Prepared by Heveron & Company CPAs

AMERICAN BAPTIST CHURCHES OF THE ROCHESTER/GENESEE REGION
TREND ANALYSIS
December 31

YEARS ENDING:	2021	2020	2019
<i>BALANCE SHEET SUMMARY</i>			
ASSETS			
Cash and Cash Equivalents	\$ 4,012	\$ 16,340	\$ 14,446
Accounts Receivable	17,587	15,136	-
Prepaid Expenses	1,143	-	-
Net Property and Equipment	-	25,600	25,600
Investments	<u>1,107,680</u>	<u>1,036,268</u>	<u>963,445</u>
Total Assets	<u><u>1,130,422</u></u>	<u><u>1,093,344</u></u>	<u><u>1,003,491</u></u>
LIABILITIES AND NET ASSETS			
Liabilities	7,991	27,398	12,047
Net Assets	<u>1,122,431</u>	<u>1,065,946</u>	<u>991,444</u>
Total Liabilities and Net Assets	<u><u>\$1,130,422</u></u>	<u><u>\$1,093,344</u></u>	<u><u>\$1,003,491</u></u>
<i>STATEMENT OF ACTIVITIES SUMMARY</i>			
SUPPORT AND REVENUE	\$ 164,641	\$ 153,696	\$ 146,762
EXPENSES			
Program Services	106,623	113,266	115,572
Management and General	<u>56,758</u>	<u>67,430</u>	<u>78,678</u>
Total Expenses	<u><u>163,381</u></u>	<u><u>180,696</u></u>	<u><u>194,250</u></u>
OTHER REVENUE, (EXPENSES), GAINS AND (LOSSES)			
Loss on Sale of Property	(25,600)	-	-
Net Investment Returns	<u>80,825</u>	<u>101,502</u>	<u>112,655</u>
Total Other Revenues, (Expenses), Gains and (Losses)	<u><u>55,225</u></u>	<u><u>101,502</u></u>	<u><u>112,655</u></u>
Change in Net Assets	56,485	74,502	65,167
Net Assets - Beginning	<u>1,065,946</u>	<u>991,444</u>	<u>926,277</u>
Net Assets - Ending	<u><u>\$1,122,431</u></u>	<u><u>\$1,065,946</u></u>	<u><u>\$ 991,444</u></u>

Prepared by Heveron & Company CPAs

AMERICAN BAPTIST CHURCHES OF THE ROCHESTER/GENESEE REGION
REVENUE AND EXPENSE ANALYSIS
December 31

<i>YEARS ENDING:</i>	2021	2020	2019
<i>PERCENTAGE DATA</i>			
SUPPORT AND REVENUE			
Contributions	64.2	80.4	78.1
Investment Income	19.3	12.6	16.0
Specific Ministries	2.3	7.0	5.9
Paycheck Protection Program			
Loan Forgiveness	<u>14.2</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
EXPENSES AS A PERCENT OF SUPPORT AND REVENUE:			
Program Services	64.8	73.7	78.7
Management and General	<u>34.5</u>	<u>43.9</u>	<u>53.6</u>
Total Expenses	<u>99.3</u>	<u>117.6</u>	<u>132.3</u>
OTHER REVENUE, (EXPENSES), GAINS AND (LOSSES)			
Loss on Sale of Property	(15.5)	-	-
Net Investment Returns	<u>49.1</u>	<u>66.0</u>	<u>76.8</u>
Total Other Revenues, (Expenses), Gains and (Losses)	<u>33.6</u>	<u>66.0</u>	<u>76.8</u>
Change in Net Assets	<u>34.3</u>	<u>48.4</u>	<u>44.5</u>
KEY STATISTICS			
Salaries and Related Costs as a % of Total Expenses	71.7	68.9	68.1
Occupancy as a % of Total Expenses	4.4	4.3	3.5

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