KBF | KENTUCKY BAPTIST FOUNDATION

P.O. Box 436389
Louisville, KY 40253-6389
502-489-3533
https://kybaptistfoundation.org

Offering Circular

$50,000,000

(Kentucky Baptist Foundation ("KBF") may issue up to this amount of its investment obligations (the "Great Commission Certificates") during the four (4)-month period ending November 30, 2026.)

THESE SECURITIES MAY EITHER BE REGISTERED OR EXEMPT FROM REGISTRATION IN THE VARIOUS STATES OR JURISDICTIONS IN WHICH THEY ARE OFFERED OR SOLD BY THE ISSUER. THIS OFFERING CIRCULAR HAS BEEN FILED WITH THE SECURITIES ADMINISTRATORS IN SUCH STATES OR JURISDICTIONS THAT REQUIRE IT FOR REGISTRATION OR EXEMPTION.

THESE SECURITIES ARE ISSUED PURSUANT TO A CLAIM OF EXEMPTION FROM REGISTRATION UNDER SECTION 3(A)(4) OF THE FEDERAL SECURITIES ACT OF 1933. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION.

THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY, ADEQUACY, TRUTHFULNESS, OR COMPLETENESS OF THIS DOCUMENT AND HAVE NOT PASSED UPON THE MERIT OR VALUE OF THESE SECURITIES, OR APPROVED, DISAPPROVED, OR ENDORSED THE OFFERING. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS OFFER IS SUBJECT TO CERTAIN RISK FACTORS DESCRIBED HEREIN BEGINNING ON PAGE 5.

The following Great Commission Certificates ("GCCs") are offered by KBF:

Demand Investments ("Demand GCCs")
A Demand GCC with an interest rate that may be adjusted on a monthly basis and that permits additions of principal at any time and withdrawals upon at least thirty (30) days' advance request without any penalty or service fee. Minimum investment of Five Thousand Dollars ($5,000). See "Description of Great Commission Certificates" for more specific information on the GCCs offered as of the date of this Offering Circular. Each GCC term may not be available at all times, and interest rates may vary from time to time.

INVESTMENTS OFFERED BY THE KENTUCKY BAPTIST FOUNDATION ARE NOT BANK DEPOSITS OR OBLIGATIONS AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION ("FDIC"), THE SECURITIES INVESTOR PROTECTION CORPORATION ("SIPC") OR ANY OTHER FEDERAL OR STATE AGENCY.

For current interest rates, please call KBF at 502-489-3533, or visit KBF's internet website, https://kybaptistfoundation.org.

This Offering Circular is dated August 1, 2026, and is to be used by Investors from August 1, 2026, through November 30, 2026.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE DISCLOSURES, MERITS AND RISKS INVOLVED.

This offering is not underwritten, and no commission or discounts will be paid or provided by KBF in connection with the sale of GCCs. KBF will receive one hundred percent (100%) of the proceeds from the sale of the GCCs. KBF will bear all expenses, including securities registration fees, printing, mailing, accounting fees and attorney's fees, incurred in this offering, which is estimated to be approximately $15,000. The aggregate amount of the GCCs being offered may be sold in any one or more of the offered categories. No sinking fund or trust indenture will be used by KBF in conjunction with the issuance of the GCCs. Investors must rely solely upon the financial condition of KBF for repayment of the GCCs. The GCCs are unsecured debts of KBF and are of equal priority with all other current indebtedness of KBF. KBF reserves the right to issue future obligations or obtain a line of credit secured by a first lien on its assets. KBF will not create, incur, or voluntarily permit any material lien upon any of its assets or otherwise incur material indebtedness having a prior claim to its assets or otherwise senior to the GCCs. The term "material," as used in this paragraph, shall mean an amount which exceeds ten percent (10%) of the tangible assets (total assets less intangible assets as defined by U.S. GAAP, as hereinafter defined) of KBF. The GCCs are non-negotiable and may be assigned only upon KBF's prior written consent.

THE GREAT COMMISSION CERTIFICATES ARE NOT SAVINGS OR DEPOSIT ACCOUNTS OR OTHER OBLIGATIONS OF A BANK AND ARE NOT INSURED BY THE FDIC, THE SIPC, ANY STATE BANK OR INSURANCE FUND OR ANY OTHER GOVERNMENTAL AGENCY. THE PAYMENT OF PRINCIPAL AND INTEREST TO AN INVESTOR IN THE GREAT COMMISSION CERTIFICATES IS DEPENDENT UPON KBF'S FINANCIAL CONDITION. ANY PROSPECTIVE INVESTOR IS ENTITLED TO REVIEW KBF'S FINANCIAL STATEMENTS , WHICH SHALL BE FURNISHED AT ANY TIME DURING BUSINESS HOURS UPON REQUEST. THE GREAT COMMISSION CERTIFICATES ARE NOT OBLIGATIONS OF, NOR GUARANTEED BY, ANY OTHER PERSON OR ENTITY EXCEPT FOR KBF.

THE OFFER AND SALE OF THE GREAT COMMISSION CERTIFICATES IS LIMITED TO PERSONS (INCLUDING ENTITIES OR ARRANGEMENTS CONTROLLED BY, OWNED BY, OR EXISTING FOR THE BENEFIT OF SUCH PERSONS) WHO, PRIOR TO RECEIPT OF THIS OFFERING CIRCULAR, ARE MEMBERS OF COOPERATING AFFILIATED KENTUCKY BAPTIST CONVENTION ("KBC") CHURCHES ("LIMITED CLASS") OR, AT THE DISCRETION OF KBF'S BOARD OF DIRECTORS, SUCH OTHER PERSONS OR ENTITIES HAVING A REASONABLE ASSOCIATION OR AFFILIATION WITH THE LIMITED CLASS. KBF, IN ITS SOLE DISCRETION, MAY DETERMINE (I) THAT AN ENTITY OR PERSON IS NOT IN THE LIMITED CLASS, AND (II) THAT A PERSON OR ENTITY DOES NOT HAVE A REASONABLE ASSOCIATION OR AFFILIATION WITH THE LIMITED CLASS.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THIS OFFERING OTHER THAN THOSE CONTAINED IN THIS OFFERING CIRCULAR AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED ON AS HAVING BEEN MADE OR AUTHORIZED BY KBF.

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT WITH KBF'S WRITTEN CONSENT AND AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM.

INVESTORS ARE ENCOURAGED TO CONSIDER THE CONCEPT OF INVESTMENT DIVERSIFICATION WHEN DETERMINING THE AMOUNT OF GCCS THAT WOULD BE APPROPRIATE FOR THEM IN RELATION TO THEIR OVERALL INVESTMENT PORTFOLIO AND PERSONAL FINANCIAL NEEDS.

STATE SPECIFIC INFORMATION

KENTUCKY:

THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION FROM REGISTRATION UNDER KRS 292.400(9) OF THE KENTUCKY SECURITIES ACT.

FORWARD LOOKING STATEMENTS

Investment in the securities to be issued by KBF involves certain risks. Prospective Investors are encouraged to review all the materials contained in this Offering Circular and to consult their own attorneys and financial advisors.

This Offering Circular includes "forward-looking statements" within the meaning of the federal and state securities laws. Statements about KBF and its expected financial position, business and financing plans are forward-looking statements.

Forward-looking statements can be identified by, among other things, the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "seeks," "pro forma," "anticipates," "intends," "projects," or other variations or comparable terminology, or by discussions of strategy or intentions. Forward-looking statements are necessarily dependent upon assumptions, estimates and data that may be incorrect or imprecise and involve known and unknown risks, uncertainties, and other factors. Accordingly, prospective Investors should not consider KBF's forward-looking statements as predictions of future events or circumstances. A number of factors could cause KBF's actual results, performance, achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by KBF's forward-looking statements. These factors include, but are not limited to: changes in economic conditions in general and in KBF's business; changes in prevailing interest rates and the availability of and terms of financing to fund KBF's business; changes in KBF's capital expenditure plans; and other factors discussed in this Offering Circular. Given these uncertainties, prospective Investors should not rely on KBF's forward-looking statements in making an investment decision. KBF disclaims any obligation to update Investors on any factors that may affect the likelihood of realization of KBF's expectations.

Prospective Investors should not place undue reliance on any forward-looking statements, which speak only as of the date made. Prospective Investors should understand that the factors discussed herein and under "Risk Factors" could affect KBF's future results and performance. This could cause those results to differ materially from those expressed in the forward-looking statements.

Table of Contents

Definitions

The terms defined below apply to all portions of this Offering Circular except the Financial Statements and the Notes to Financial Statements , which must be read in the context of the terms separately defined therein.

GCC – Demand unsecured debt obligation issued by KBF and offered herein. For a further description of the terms of the GCCs, see "Description of GCCs."

Demand GCCs – See "Description of GCCs."

Invested Funds – Funds of KBF invested as further described in the "Financing and Operational Activities" and "Investing Activities" sections.

Investor (or Purchaser) – Persons (including entities or arrangements controlled by, owned by, or existing for the benefit of such persons) who, prior to receipt of this Offering Circular, are members of cooperating affiliated Kentucky Baptist Convention ("KBC") churches ("Limited Class") or, at the discretion of KBF's Board of Directors, such other persons or entities having a reasonable association or affiliation with the Limited Class. KBF, in its sole discretion, may determine (i) that an entity or person is not in the Limited Class, and (ii) that a person or entity does not have a reasonable association or affiliation with the Limited Class.

KBC – The Kentucky Baptist Convention.

KBF – The Kentucky Baptist Foundation, a Kentucky non-profit corporation.

Ministry Activities – Supporting, expanding, and advancing the religious, benevolent, charitable, educational, and missionary activities of KBF, including fostering, promoting, and supporting the missionary activities of KBF's Gospel Impact Fund and which may include supporting church loan programs.

Offering Circular – This disclosure document as prepared by KBF.

Purchaser – See "Investor."

U.S. GAAP – Generally Accepted Accounting Principles in the United States as established by the Financial Accounting Standards Board ("FASB").

Summary of Offering

The following is a summary of KBF's offering and contains only selected information. This summary does not contain all the information that a potential Investor should consider before investing. The information provided in this summary should be read in conjunction with the detailed information contained in this Offering Circular, including KBF's audited financial statements (the "Financial Statements").

1. KBF may issue up to Fifty Million Dollars ($50,000,000) of its GCCs during the four (4)-month period ending November 30, 2026. This amount may be issued in any one or more of the types of GCCs and may be issued in the state of Kentucky to the extent qualified for offer and sale in such jurisdiction.

2. KBF is a Kentucky non-profit corporation, exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and is organized and operated exclusively for religious and charitable purposes. KBF's principal office is located in Louisville, Kentucky, and KBF is affiliated with the KBC.

3. KBF offers and sells GCCs to Investors to make funds available for Ministry Activities.

4. Interest payable on GCCs is taxable to the Investor in the year in which such interest is paid or credited.

5. KBF will use the proceeds from the sale of its GCCs to carry on Ministry Activities, and KBF may use a portion of the proceeds to support church loan programs. Any GCC proceeds not used for Ministry Activities or to support

church loan programs will be invested pursuant to KBF's investment policies. Any such Invested Funds invested in readily marketable securities are subject to various market risks, which may result in losses if market values of investments decline.

6. Below is a summary of certain selected financial data with respect to KBF's operations as of August 31, 2025. This data has been compiled by management from KBF's audited financial statements, and it should be read in conjunction with the most recent audited financial statements of KBF, which are attached as Exhibit A. See "Selected Financial Data" for financial data from the last five (5) fiscal years.

As of August 31, 2025	
Cash	$549,773
Investments	$299,639,898
Total Assets	$302,063,186
Total Assets Held for Others	$279,947,885
Outstanding GCCs	$655,811
Other Obligations	-
GCCs Redeemed During Year	$250,000
Accounts Payable and Accrued Expenses	$118,139
Post-Retirement Benefit Obligation	$458,915
Total Liabilities	$281,180,750
Total Net Assets	$20,882,436
Year Ended August 31, 2025	
Total Change in Net Assets	$1,230,055

Risk Factors

1. **Unsecured and Uninsured General Obligations.** The GCCs are general obligations of the Kentucky Baptist Foundation, a Kentucky non-profit corporation formed June 21, 1945. Investors are dependent solely upon the financial condition of KBF for repayment of principal and interest on the GCCs. The GCCs are unsecured and are not insured. Neither the KBC nor its other entities or affiliates are parties to this Offering Circular, nor do they have any liability or obligation to Investors regarding the GCCs, funds, or interest.

2. **No Sinking Fund or Trust Indenture.** No sinking fund or trust indenture has been or will be established. The absence of a sinking fund and trust indenture may adversely affect KBF's ability to repay principal and interest on the GCCs.

3. **Senior Secured Indebtedness.** KBF currently has no outstanding senior or secured debt. The GCCs are of equal priority with all other current indebtedness of KBF. However, KBF reserves the right to issue future obligations, or obtain a line of credit, secured by a first lien on its assets in an amount not to exceed ten percent (10%) of the tangible assets of KBF (total assets less intangible assets as defined by U.S. GAAP).

4. **No Public Market for GCCs.** No public market exists for the GCCs, and none will develop. Therefore, Investors should consider the purchase of a GCC as an investment for the full term of the GCC.

5. **No Guarantee of Future Offerings.** There can be no assurance that KBF will continue to offer and sell GCCs in the future. See "Financing and Operational Activities."

6. **Tax Consequences.** Investors will not receive a charitable deduction upon the purchase of a GCC, and interest paid or payable on the GCCs will be taxable as ordinary income to an Investor regardless of whether the interest is paid directly to the Investor or retained and compounded. If interest paid is below the Applicable Federal Rate of interest, the Internal Revenue Service may impute income up to the Applicable Federal Rate level. The Internal Revenue Service may exempt loans, including gift loans to charitable organizations, from the imputed interest rules if the amount does not exceed Two Hundred Fifty Thousand Dollars ($250,000). See "Tax Aspects."

7. **Interest Rate Fluctuation.** Interest rates will fluctuate. Investors should be aware that if interest rates rise or fall, KBF is not obligated to redeem any GCC prior to the required advance notice. Further, if interest rates fall, in order to reduce future interest obligations, KBF may exercise its right to call GCCs for redemption (see Risk Factor 16 below). Starting in March 2022, the Federal Reserve Board ("FRB") began raising the target federal funds rate for the first time in three years and continued with multiple increases throughout 2022 and 2023. The FRB then held rates steady from July 2023 to September 2024, after which the FRB began a series of cuts to the target federal funds rate in each of September, November and December 2024. At its January, March, and May 2025 meetings, the FRB declined to institute another cut and held the rate steady, although the FRB reduced rates in September and October 2025. At its January, March, April and June 2026 meetings, the FRB declined to institute a further cut and held the rate steady. Notwithstanding the modest rate cuts in 2024 and 2025, a challenging current interest rate climate continues to create competitive pressures on KBF's cost of funds. It is not possible to predict the pace and magnitude of changes in interest rates, or the impact rate changes will have on KBF's results of operations.

8. **Investments Subject to Market Risks.** KBF's GCCs are subject to various market risks, which may result in losses if market values of investments decline and could have an adverse impact upon KBF's liquidity and its ability to repay its GCCs.

9. **Future Changes in Federal or State Laws.** Changes in federal laws or the laws of the various states in which KBF offers its GCCs may make it more difficult or costly for KBF to offer and sell GCCs in the future.

10. **GCC Repayment Ability.** KBF uses earnings from Invested Funds to pay interest and principal on GCCs (see "Use of Proceeds"). Future market conditions could affect KBF's ability to repay GCCs.

11. **Other Investment Opportunities.** Other investment opportunities may yield a higher rate of return with less risk than the GCCs. This may adversely affect sales of the GCCs.

12. **Minimum Balances Required.** Investors may be required to maintain a minimum investment in each GCC. If the amount invested in a GCC falls below such minimum amount, the balance of such GCC may be fully redeemed without notice to the Investor or, in lieu of such full redemption, the interest rate may be reduced to the then current rate applicable to Demand GCCs. See "Description of GCCs,"

13. **Interest Rate Policy and Payment Change.** KBF reserves the right to change the method by which interest is determined or the frequency with which interest is paid to the Investor or added to the GCCs. If KBF exercises its right to change the method by which interest is calculated or the frequency in which interest is paid on existing GCCs, the holders of such GCCs would receive written notification describing the changes and the method of determining rates of such GCCs. If upon receiving the notice, Investors wish to make a complete withdrawal, they may do so (without penalty) within thirty (30) days of receiving the notice. For the last payment of interest only, they may also be paid interest at the rates in effect for these GCCs during the preceding month, provided they notify KBF within this thirty (30) day period.

14. **KBF Solely Liable on GCCs.** The debts and liabilities of KBF, including the GCCs, are independent of the financial structure of any other person or entity. Therefore, Investors may not rely upon any person or entity other than KBF for payment of the GCCs when due.

15. **Early Withdrawal Penalties.** KBF is not required to redeem any GCC prior to the required advance notice. In the event KBF agrees, in its sole discretion, to redeem a GCC prior to the required advance notice, early withdrawal penalties may be applied. See "Demand GCCs."

16. **Ability to Call GCCs.** KBF has the right to call GCCs for redemption at any time upon thirty (30) days' written notice. In such event, interest will be paid to the date of redemption.

17. **Limitation on Transferability.** The GCCs are non-negotiable and may be assigned or transferred only upon KBF's written consent. In addition, conditions on the transfer of the GCCs may be imposed under the securities laws of certain states.

18. **Unclaimed Property.** KBF identifies potential unclaimed property if KBF receives undeliverable mail with no forwarding address pertaining to a GCC or if an Investor ceases to communicate with KBF pertaining to a GCC. KBF tracks and monitors such a dormant account. However, the GCC will continue to accrue interest until it is redeemed or until it is disposed of by KBF pursuant to applicable state unclaimed property laws.

The Offering

KBF may issue up to Fifty Million Dollars ($50,000,000) of its GCCs during the four (4)-month period ending November 30, 2026. This amount may be issued in any one or more of the types of GCCs and may be issued in the state of Kentucky to the extent qualified for offer and sale in such jurisdiction.

History and Operations

History of the Kentucky Baptist Foundation

The mission of KBF is to guide churches, institutions, and individuals in funding the "Great Commission" through investments, endowments, and legacy giving, and KBF's vision is to promote a spirit of generosity that encourages Kentucky Baptists to change the world for Christ. Established in 1945, KBF has grown to over $350 million in assets. KBF is governed by a sixteen (16) member Board of Directors. It is operated by staff at its office in Louisville, KY. Since its inception, KBF has greatly expanded its services to individuals, churches, and others seeking competent fiscal management of their funds and acts as the trust agency of the KBC pursuant to an Amended and Restated Covenant Agreement between KBF and KBC, last amended on November 16, 2016.

The Kentucky Baptist Foundation

The name of the issuer is the Kentucky Baptist Foundation. Its principal address is P.O. Box 436389, Louisville, KY 40253-6389. Its street address is 13420 Eastpoint Centre Drive, Louisville, KY 40223.

KBF was incorporated as a Kentucky non-profit corporation on June 21, 1945. KBF is exempt from taxation under Section 501(c)(3) of the Code and is organized and operated exclusively for religious and charitable purposes. No part of the net earnings of KBF inures to the benefit of any person or individual. KBF, as a non-profit corporation, does not have any shareholders.

The management and affairs of KBF are conducted by its Board of Directors, consisting of sixteen (16) directors, plus the Executive Director-Treasurer of the KBC who serves as an ex-officio non-voting director of KBF. All members of the Board of Directors must be members in good standing of a Kentucky Baptist church for at least one (1) year. The day-to-day operations of KBF are carried out under the supervision of the President and Chief Executive Officer of KBF. The voting directors of KBF serve for terms of four (4) years.

Use of Proceeds

KBF will use the proceeds from the sale of its GCCs to carry on Ministry Activities as follows:

1. develop, manage, and distribute financial resources for the promotion, fostering and support of the mission and ministry efforts and activities of Kentucky Baptists, KBC and KBF;

2. increase the impact of KBF's Gospel Impact Fund to provide resources to churches, institutions, and agencies to meet physical and spiritual needs that will further the gospel of Jesus Christ and support various Baptist mission projects;

3. invest any GCC proceeds not used as described above pursuant to KBF's investment policies. See "Financing and Operational Activities;" and

4. have the option to use a portion of GCC proceeds to support church loan programs.

It is anticipated that all operating expenses will be charged against KBF's net assets without donor restrictions and not against GCC proceeds, although the cash flow from GCC proceeds may, in fact, be used for operating expenses to the extent that cash flow from other sources is insufficient. It is anticipated that all interest and principal due on GCCs will be charged against KBF's assets exclusive of new GCC proceeds, although the cash flow from new GCC proceeds may, in fact, be used to repay interest and principal due on GCCs to the extent that cash flow from other sources is insufficient.

The amount of proceeds actually used for each of these purposes will vary depending upon a number of factors, including the amount of GCCs sold to new Investors, and the amount of GCCs redeemed or renewed at any given time by existing Investors. KBF anticipates that its operating expenses will represent less than 4% of the aggregate offering amount (based on KBF's 2025 budget) and that new GCC proceeds will not be needed (except on a "cash flow" basis) for operating expenses or to repay interest and principal due on GCCs. Accordingly, KBF anticipates that new GCC proceeds will be used for the purpose of supporting Ministry Activities, with surplus funds being invested in accordance with KBF's investment policies. However, there is no guarantee that the anticipated results will occur.

Financing and Operational Activities

KBF's means of generating funds for its Ministry Activities is through the sale of GCCs, earnings from Invested Funds, management or administrative fees, and contributions from Kentucky Baptists.

Pursuant to a Financial and Services Agreement with the KBC, the KBC provides KBF an allocation of funds for operations in amounts determined by the Mission Board of the KBC. KBF received such allocations totaling $308,483 and $301,840 from the KBC and $5,119 and $4,350 from the Impact Kentucky (formerly Restricted Only) funds for the years ended August 31, 2025, and 2024, respectively. KBF leases office space from the KBC in Louisville, KY.

Investing Activities

KBF maintains a significant investment portfolio in relation to its service as an agent for third parties for agency accounts and as a custodian of trust. KBF holds these investments as restricted investments separately from the GCCs. In addition, KBF invests a portion of the proceeds from the sale of GCCs in accordance with its policy of maintaining reasonable liquidity and investing funds pending their use for Ministry Activities. These Investments consist primarily of securities from which further income is generated for KBF's operations.

KBF engages with PNC Bank, N.A. in the fiduciary stewardship of KBF's investments. PNC Bank, established in 1845 and headquartered in Pittsburgh, Pennsylvania, serves a broad range of clients including individual customers, small businesses, and large institutions. PNC Bank collaborates with foundations like KBF to develop robust investment strategies that align with client objectives and produce significant positive outcomes. PNC Bank is an SEC Registered Investment Advisor and acts as the Chief Investment Officer for KBF. PNC Bank is responsible for manager selection, ongoing monitoring, and termination. PNC Bank or KBF may change any or all investment managers at any time without notice to participants. The KBF Board of Directors and/or Investment Committee oversee the investment policy and reviews investment transactions on a quarterly basis. The KBF President has the responsibility of implementing the policy.

Below is a summary of KBF's cash and Invested Funds as of August 31, 2025 (see Note 3 to the Financial Statements):

Type of Investment	August 31, 2025	% of Total
Cash	$549,773	0.18%
Invested funds (and retiree benefits trust)		
Money market fund	$14,086,254	4.68%
Common stocks	$166,385,841	55.26%
U.S. Government and agency securities	$19,200,890	6.38%
Corporate bonds and notes	$11,244,688	3.73%
Asset backed securities	$1,432,551	0.48%
Mutual funds	$76,855,088	25.52%

Exchange traded funds	$11,208,415	3.72%
Private equity investments	$149,504	0.05%
Total	$301,113,004	100.00%

For the years ended August 31, 2025, and 2024, respectively, KBF's investment return, excluding investment return on assets held for others, consisted of interest and dividends of $2,173,755 and $1,840,564. For the years ended August 31, 2025, and 2024, respectively, KBF recorded net realized and unrealized gain and (loss) on certain Invested Funds of $857,692 and $3,285,630.

For the years ended August 31, 2025, and 2024, respectively, KBF's investment return attributable to assets held for others consisted of interest and dividends of $7,427,674 and $6,908,704. For the years ended August 31, 2025, and 2024, respectively, KBF recorded net realized and unrealized gain and (loss) on certain Invested Funds attributable to assets held for others of $17,368,535 and $30,060,438 (see Note 5 to the Financial Statements).

Selected Financial Data

Below is a summary in tabular form of certain selected financial data with respect to KBF's operations as of August 31, 2025. This data has been compiled by management from KBF's audited financial statements, and it should be read in conjunction with the most recent audited financial statements of KBF (including the Notes thereto), which are attached as Exhibit A. The financial statements as of and for the year ended August 31, 2025, have been audited by Deming, Malone, Livesay & Ostroff, independent accountants, as stated in their report appearing herein. The financial statements as of and for the years ended August 31, 2024, August 31, 2023, August 31, 2022, and August 31, 2021 were also audited by Deming, Malone, Livesay & Ostroff.

The following table sets forth a summary of KBF's operations and selected financial data for each of the five most recent fiscal years. This data has been compiled from KBF's audited financial statements. This data should be read in conjunction with the current audited financial statements, which are attached as Exhibit A.

	As of August 31				
	2025	2024	2023	2022	2021
Cash	$549,773	$1,045,896	$1,158,147	$876,699	$771,177
Investments	$299,639,898	$275,027,789	$240,876,151	$219,954,901	$257,288,826
Total Assets	$302,063,186	$277,850,745	$243,643,840	$222,232,484	$259,737,665
Total Assets Held for Others	$279,947,885	$257,624,491	$228,321,553	$209,567,930	$244,243,599
Outstanding GCCS	$655,811	-	-	-	-
Other Obligations	-	-	-	-	-
GCCs Redeemed During Year	$250,000	-	-	-	-
Accounts Payable and Accrued Expenses	$118,139	$115,419	$108,274	$76,423	$94,186
Post-Retirement Benefit Obligation	$458,915	$458,454	$469,676	$477,847	$685,965
Total Liabilities	$281,180,750	$258,198,364	$228,899,503	$210,122,200	$245,023,750
Total Net Assets	$20,882,436	$19,652,381	$14,744,337	$12,110,284	$14,713,915
Total Change in Net Assets	$1,230,055	$4,908,044	$2,634,053	$(2,603,631)	$2,228,809

Management Discussion and Analysis

The senior leadership team of KBF, consisting of KBF's executive officers, reviews KBF's overall financial position monthly. KBF's operating philosophy is to maintain a position of liquidity sufficient to provide for operating cash requirements, a capital position sufficient to support its financial position and operations, and a margin of assets over liabilities. KBF's Board of Directors may modify existing procedures or implement new procedures to enable KBF to operate under changing economic conditions.

For the years ended August 31, 2025, and 2024, respectively, KBF had total assets of $302,063,186 and $277,850,745. Total net assets without donor restrictions totaled $9,489,757 in 2025 and $8,308,095 in 2024. Total net assets with donor restrictions totaled $11,392,679 in 2025 and $11,344,286 in 2024. KBF experienced a positive change in net assets of $1,230,055 in 2025 and $4,908,044 in 2024. KBF has experienced a positive change in net assets for four (4) out of the last five (5) fiscal years. For the years ended August 31, 2025, and 2024, respectively, Net Cash Provided by Operating Activities was $315,048 and $1,488,811.

As of August 31, 2025, KBF's net assets as a percentage of its total assets were 6.9%, determined as follows:

August 31, 2024	
Net Assets	$20,882,436
Total Assets	$302,063,186
Net Assets Percentage of Total Assets	6.9%

Cash Flow Performance

As of August 31, 2025, KBF's ratio of available cash to GCC redemptions for its most recent fiscal year is at least, and far exceeds, one to one (1:1), as demonstrated below. Cash flow performance is not provided for any prior fiscal years because, prior to the most recent fiscal year, KBF had not sold any GCCs, so there were no redemptions of GCCs upon which to calculate KBF's ratio of available cash to redemptions.

August 31, 2025	
Net cash provided by operating activities	$315,048
Liquid assets, including cash, cash equivalents, and readily marketable securities (beginning of year)	$275,868,052
Loan Repayments	-
Cash from sale of GCCs	$893,150
Loan Disbursements	-
Total Available Cash	$277,076,250
Redemptions of GCCs	$250,000
Ratio	1,108:1

Description of GCCs

Investments offered by the Kentucky Baptist Foundation are not bank deposits or obligations and are not insured by the FDIC, the SIPC or any other federal or state agency.

KBF may issue up to Fifty Million Dollars ($50,000,000) of its Great Commission Certificates during the four (4)-month period ending November 30, 2026. This amount may be issued in any one or more of the types of GCCs and may be issued in the state of Kentucky to the extent qualified for offer and sale in such jurisdiction. GCCs will be offered to eligible Investors and must be purchased in minimum face amounts of Five Thousand Dollars ($5,000). The terms of any GCCs purchased pursuant to this Offering Circular will remain as described in this Offering Circular. However, no assurance can be given that the terms of any GCCs offered in future issues will remain the same as those described herein.

Demand Investments ("Demand GCCs") – A Demand GCC with an interest rate that may be adjusted on a monthly basis, and which permits additions of principal at any time and withdrawals upon at least thirty (30) days' advance notice without penalty or service fee. Minimum investment of Five Thousand Dollars ($5,000).

Interest rates are set effective as of the first day of each month, and interest rates quoted are annualized rates.

KBF will accept payment for GCCs in the form of personal check, cashier's check, money order or electronic funds transfer. KBF offers no financing terms. The GCCs offered and issued by KBF are issued as uncertificated securities (i.e., in book-entry form), and the right of Investor(s) in such GCCs will be reflected upon the books and records of KBF. The terms and conditions of GCCs will be construed under and governed by Kentucky law. The Investor will receive a periodic statement indicating the balance of a particular investment including any additions, withdrawals and any interest credited, withdrawn, or accumulated.

Interest

GCCs will bear interest at a rate that is determined from time to time in accordance with the then current policies of KBF. The interest rate on a Demand GCC may be adjusted monthly. See "Demand GCCs" below. KBF will review certain factors, such as investment gap analysis, cash flow needs and the current policy of the Federal Reserve, before establishing each month's rate of interest. KBF will provide potential and existing Investors with current interest rates on GCCs along with this Offering Circular and, at any other time, upon request.

KBF reserves the right to change the method by which interest is determined or the frequency with which interest is paid to the Investor or added to the GCCs. If KBF exercises its right to change the method by which interest is calculated or the frequency in which interest is paid on existing GCCs, the holders of such GCCs will receive written notification describing the changes and the method of determining rates of such GCCs. If upon receiving the notice, Investors wish to make a complete withdrawal, they may do so within thirty (30) days of receiving the notice. For the last payment of interest only, they may also be paid interest at the rates in effect for these GCCs during the preceding month, provided they notify KBF within this thirty (30)-day period.

KBF will establish interest rates on a monthly basis for Demand GCCs.

Demand GCCs

Investors may invest in Demand GCCs on any business day. Demand GCCs pay interest at an adjustable interest rate that may be adjusted on the first day of each month. An initial investment of Five Thousand Dollars ($5,000) is required to open a Demand GCC. Additions of principal may be made to Demand GCCs at any time. Withdrawals from Demand GCCs may be made upon at least thirty (30) days' advance notice without any penalty or service fee; provided, however, KBF reserves the right to increase the Investor advance notice requirement to provide up to sixty (60) days prior written notice of any intended withdrawal. Funds shall be distributed within ten (10) business days from delivery of the written notification by the Investor to KBF.

KBF's Early Redemption Right

KBF has the right to call GCCs for redemption at any time upon thirty (30) days' written notice. In such event, interest will be paid to the date of redemption. In addition, in the event that the balance of a GCC would, upon a withdrawal or partial redemption, fall below Five Thousand Dollars ($5,000), the balance of such GCC may be fully redeemed without notice to the Investor.

Unsecured General Obligation Status of GCCs

The GCCs are unsecured and of equal priority with all other current indebtedness of KBF. KBF reserves the right to issue future obligations, or obtain a line of credit, secured by a first lien on its assets in an amount not to exceed ten percent (10%) of the tangible assets of KBF (total assets less intangible assets as defined by U.S. GAAP). To the extent that KBF incurs any senior secured indebtedness, then repayment of such line of credit or indebtedness will have priority in KBF's assets over all other unsecured creditors of KBF, including Investors.

Additional Information

KBF reserves the right at any time to discontinue offering any of the GCCs described herein without the need to supplement this Offering Circular. KBF also reserves the right at any time to offer additional GCCs having terms different than the terms of the GCCs described in this Offering Circular. The GCCs are non-negotiable and may be assigned or transferred only upon KBF's written consent.

Plan of Distribution

The primary means for marketing the GCCs will be through promotional brochures and Offering Circulars distributed to churches and individual members of churches in Kentucky. Promotional materials will also be published on KBF's website (https://kybaptistfoundation.org) and various social media sites. KBF will make the Offering Circular and purchase application form available by e-mail. In addition, promotional materials may be distributed at church conferences, national and regional meetings, retreats, and seminars. A representative for KBF may discuss the nature and purpose of KBF's work at national or regional meetings or at church services or gatherings. Each Investor will be provided a copy of the Offering Circular prior to the Investor's purchase of GCCs. No offers to purchase will be accepted prior to the time that an Investor has executed a purchase application form acknowledging that he or she received a current Offering Circular. All sales are made by Directors, officers, and/or employees of KBF. No underwriting or selling agreements exist, and no direct or indirect remuneration will be paid to any person in connection with the offer and sale of GCCs. GCCs will be offered and sold only to Investors.

Tax Aspects

Investors will not receive a charitable deduction upon the purchase of a GCC. The interest payable on the GCCs will be taxable as ordinary income to the Investor in the year it is paid or accrued, regardless of whether it is actually paid out to the Investor. If interest is accrued over the life of the GCC and paid at the maturity date, the Investor must report such interest as income on their federal and state income tax returns as it accrues. Transferability of the GCCs is limited, and it is unlikely that there would be a sale or exchange of a GCC. Upon a sale or exchange, the Investor would generally report as either a short-term or long-term gain or loss depending upon the length of time held, the gain or loss being equal to the difference between the amount the Investor paid for the GCC and the amount the Investor received upon sale or exchange of the GCC, less accrued interest. Investors who hold GCCs until their maturity will not be taxed on the return of the principal purchase price or on previously accrued and taxed interest. Any excess will be interest income taxable in the year of maturity.

An individual Investor (or a husband and wife together) who has (have) invested more than Two Hundred Fifty Thousand Dollars ($250,000) in aggregate with or to KBF may be deemed to receive additional taxable interest under Section 7872 of the Code. Such Investors should consult their tax advisors to be informed of the special income tax rules applicable to loans and investments, in the aggregate, greater than Two Hundred Fifty Thousand Dollars ($250,000).

KBF will notify Investors of interest earned on GCCs by sending them IRS Form 1099 by January 31st of each year. Investors who do not provide KBF with their correct social security number or Federal tax identification number will be subject to backup withholding of twenty-four percent (24%) on interest earned as required by law.

Litigation and Other Material Transactions

The Board of Directors and management of KBF are not aware of any action, proceeding, inquiry, or investigation at law or in equity, before any court or public agency, board or body pending or, to the knowledge of KBF, threatened against it (i) affecting the existence of KBF, (ii) seeking to prohibit, restrain or enjoin the issuance and sale of GCCs, (iii) in any way contesting or affecting the validity or enforceability of the GCCs, or (iv) in which an adverse determination would have an adverse material impact on KBF. Furthermore, the Board of Directors and management of KBF are not aware of any actual or threatened litigation involving any Director or officer of KBF pertaining to their duties as a Director or officer of KBF.

Material Affiliated/Related Party Transactions

Pursuant to a Financial and Services Agreement with the KBC, the KBC provides KBF an allocation of funds for operations in amounts determined by the Mission Board of the KBC. KBF received such allocations totaling $308,483 and $301,840 from the KBC and $5,119 and $4,350 from the Impact Kentucky (formerly Restricted Kentucky Only) funds for the years ended August 31, 2025, and 2024, respectively. See Note 7 to the Financial Statements.

KBF leases office space from KBC pursuant to a lease agreement. The lease term is one year and renews annually for a one-year period; however, either party may terminate the lease by providing a six-month notice. KBF paid rent to KBC in the amount of $29,554 and $28,001 for the years ended August 31, 2025, and 2024, respectively.

Except as otherwise disclosed in this Offering Circular, there have been no material transactions between KBF and any Director or officer of KBF, or any other entity with which a Director or officer of KBF is affiliated, during the three-year period immediately preceding the date of this Offering Circular. Any future transaction between KBF and a Director or officer of KBF, or any other entity with which a Director or officer of KBF is affiliated, will be made and entered into on terms no less favorable to KBF than those that KBF could obtain with an unaffiliated third party. With respect to any future affiliated transaction, a majority of KBF's independent, disinterested Directors must approve such affiliated transaction.

Management

Organizational Structure

KBF is a non-profit corporation, incorporated in the State of Kentucky on June 21, 1945. KBF serves as the trust agency of the KBC pursuant to an Amended and Restated Covenant Agreement between KBF and KBC, last amended on November 16, 2016. See "History and Operations" for a detailed description of the relationship between KBF and KBC, and other organizational details.

Directors and Officers

As described in "History and Operations", the management affairs of KBF are conducted by its Board of Directors consisting of sixteen (16) Directors, plus the Executive Director-Treasurer of the KBC who serves as an ex-officio non-voting Director of KBF. All members of the Board of Directors must be members in good standing of a Kentucky Baptist church for at least one (1) year. The KBF President provides two (2) names for each voting Director vacancy to the Committee on Nominations of the KBC. The KBC Committee on Nominations may choose from the names provided, but the Committee on Nominations may confer with the KBF President if other nominations are desired. The KBC Committee on Nominations submits to the annual meeting of the KBC one nomination to fill each vacancy in the Board of Directors of KBF, and voting Directors are elected by the messengers at the KBC annual meeting in accordance with the Constitution and By-Laws of the KBC and the Articles of KBF. Each KBF Director is elected to serve a four (4)-year term. Directors are divided into groups of four Directors, with each group being elected in succeeding years. The day-to-day operations of KBF are carried out under supervision of the President and Chief Executive Officer of KBF. The Board of Directors of KBF nominates the President of KBF, and the Mission Board of the KBC elects the President by a majority vote.

The following persons presently serve as the members of the Board of Directors, and/or as officers of KBF, as designated:

KBF Officers

French B. Harmon, Ph.D.

Dr. French B. Harmon serves as the President and CEO and the Treasurer of the Kentucky Baptist Foundation, bringing a wealth of experience from both pastoral roles and nonprofit leadership. He previously held the position of Senior Pastor at First Baptist Church in Somerset, Kentucky, and has taught leadership studies at the University of the Cumberlands. Dr. Harmon holds degrees from Marshall University, University of Louisville, and The Southern Baptist Theological Seminary, with certificates in nonprofit leadership from prestigious institutions including Harvard University. He actively contributes to the community, having served on multiple boards and received accolades such as the Diversity Award from Somerset Community College.

Kim Fulkerson

Kim Fulkerson is the Chief Operating Officer at the Kentucky Baptist Foundation, where she leverages over 31 years of experience in accounting and operations management to enhance client services. She oversees daily administrative functions and manages the Foundation's accounting department. Fulkerson holds a B.S. in Accounting from the University of Kentucky and has extensive experience in public accounting, specializing in serving nonprofit and small business clients.

Austin Wilkerson, J.D.

Austin Wilkerson, General Counsel and Assistant Secretary for the Kentucky Baptist Foundation, provides legal and financial guidance to the KBF with a focus on Kingdom-oriented goals. He earned his B.S. in International Business from Oral Roberts University and his J.D. from Regent University School of Law. Prior to joining KBF, Austin ran his own legal practice and has a rich background that includes pastoral work and education. He is a member of the Texas and Kentucky State Bars and actively supports adoption and child welfare initiatives through various board roles.

KBF Board of Directors

Name	Position/Occupation	Location	Term Ends
Thomas L. Adkisson	CPA (retired)	Shelbyville, KY	2027
J. Lowell Ashby	VP Church Financial Services	Shelbyville, KY	2026
Bryan H. Beauman	Attorney	Paris, KY	2029
Stephen Carney	Farmer, Small Business	Springfield, KY	2029
Cohen Copley	Pastor	Henderson, KY	2027
Melinda Correll	Business Owner	Somerset, KY	2027
G.J. Farmer	Pastor	Somerset, KY	2028
Joyce Hamberg	Educator (retired)	Southgate, KY	2028
Paul Hoffman (Vice Chairperson)	Business Owner (retired)	Somerset, KY	2027
J. Michael Melloan	Auctioneer/Real Estate (retired)	Elizabethtown, KY	2028
Paul D. Nunn	CPA (retired)	Prestonsburg, KY	2026
D. Michael Richey	Philanthropy (retired)	Lawrenceburg, KY	2026
Robert W. Scott (Secretary)	Information Technology (retired)	Lexington, KY	2026
John Mark Toby	Business Owner & Professor	Scottsville, KY	2029
Dean A. Warren (Chairperson)	Financial Representative	Bowling Green, KY	2028
Marc C. Whitt	Director of Media	Richmond, KY	2029
Todd Gray (Ex Officio/Non-voting)	KBC Executive Director/Treasurer	-	-

Remuneration

No member of the Board of Directors receives any compensation for being a Director. KBF reimburses its Directors for actual expenses incurred in attending the Directors' meetings.

Proceeds from the sale of GCCs to Investors pursuant to this Offering Circular will accrue in a separately accounted for fund within KBF (the "GCC Fund"). As such, the aggregate remuneration figures reflected below have been allocated based on the proportion of work that is anticipated to be performed by KBF officers for the GCC Fund in proportion to the total work performed by the officers in relation to the total assets under management, in compliance with the NASAA SOP. The following table sets forth the proportionate amount of anticipated annual direct and indirect remuneration of all officers, in aggregate, related to work to be performed for the GCC Fund using figures as of the end of fiscal year 2025:

	Salary, Housing Allowance, & Bonus	Retirement	Other Benefits	Total
Officers (in Aggregate)	$7,457	$635	$891	$8,984

Financial Statements

The audited financial statements included herein are the Statements of Financial Position as of August 31, 2025, 2024, and 2023, the related Statements of Activities, Statements of Functional Expenses, and Statements of Cash Flows for the years ended August 31, 2025, 2024, and 2023, and the related Notes to the Financial Statements.

Investor Reports

KBF's current audited financial statements will be mailed (or delivered electronically) within one hundred twenty (120) days of the end of its last fiscal year and upon written request.

Independent Accountants

KBF's Statements of Financial Position as of August 31, 2025, and 2024 and the related Statements of Activities, Statements of Functional Expenses, and Statements of Cash Flows for the years ended August 31, 2025, and 2024 have been audited by Deming, Malone, Livesay & Ostroff, P.S.C., independent accountants, as stated in their report appearing herein.

Deming, Malone, Livesay & Ostroff, P.S.C., independent accountants, has not been engaged to perform and has not performed, since the date of its report included herein any procedures on the financial statements addressed in that report. Deming, Malone, Livesay & Ostroff, P.S.C. has not performed any procedures related to this offering document.

KENTUCKY BAPTIST FOUNDATION

FINANCIAL STATEMENTS

Years Ended August 31, 2025 and 2024

Table of Contents

deming malone livesay + ostroff

Independent Auditors' Report

To the Board of Directors
Kentucky Baptist Foundation
Louisville, Kentucky

Opinion

We have audited the accompanying financial statements of Kentucky Baptist Foundation (the Foundation), which comprise the statements of financial position as of August 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kentucky Baptist Foundation as of August 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Kentucky Baptist Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Kentucky Baptist Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

301 E. Elm Street
New Albany, Indiana 47150
T: 812.945.5236
F: 812.949.4095

9300 Shelbyville Road
Suite 1100
Louisville, Kentucky 40222
T: 502.426.9660
F: 502.425.0883

131 E. Chestnut Street
Corydon, Indiana 47112
T: 812.738.3516
F: 812.738.3519

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Kentucky Baptist Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Kentucky Baptist Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Deming, Malone, Livesay & Ostroff

By: Christine N Koenig
Christine N. Koenig, Audit Director

Louisville, Kentucky
October 30, 2025

KENTUCKY BAPTIST FOUNDATION

STATEMENTS OF FINANCIAL POSITION

August 31, 2025 and 2024

	2025	2024
Assets		
Cash	$ 549,773	$ 1,045,896
Investments	299,639,898	275,027,789
Retiree benefits trust	923,333	871,063
Accrued investment income	667,625	648,850
Other assets	282,557	257,147
Total assets	$ 302,063,186	$ 277,850,745
Liabilities		
Assets held for others:		
Agency accounts	$ 170,272,969	$ 154,426,933
Perpetual accounts	103,901,449	97,566,051
Annuities/remainder trusts	5,773,467	5,631,507
Total assets held for others	279,947,885	257,624,491
Great Commission Certificates	655,811	
Accounts payable and accrued expenses	118,139	115,419
Post-retirement benefit obligation	458,915	458,454
Total liabilities	281,180,750	258,198,364
Net Assets		
Without donor restrictions:		
Undesignated	384,306	848,367
Board designated	7,500,838	5,848,487
	7,885,144	6,696,854
Donor advised and other funds	1,604,613	1,611,241
Total net assets without donor restrictions	9,489,757	8,308,095
With donor restrictions	11,392,679	11,344,286
Total net assets	20,882,436	19,652,381
Total liabilities and net assets	$ 302,063,186	$ 277,850,745

See Notes to Financial Statements.

KENTUCKY BAPTIST FOUNDATION

STATEMENTS OF ACTIVITIES

Years Ended August 31, 2025 and 2024

	2025					2024				
	Without Donor Restrictions					Without Donor Restrictions				
	Operating and Other Activities	Donor Advised and Other Funds	Total	With Donor Restrictions	Total	Operating and Other Activities	Donor Advised and Other Funds	Total	With Donor Restrictions	Total
Operating Activities										
Revenues:										
Management fees	$ 1,542,700		$ 1,542,700		$ 1,542,700	$ 1,401,433		$ 1,401,433		$ 1,401,433
Allocation from Kentucky Baptist Convention and Restricted KY Only	313,602		313,602		313,602	306,190		306,190		306,190
Contributions and other income	27,767		27,767		27,767	134,891		134,891	$ 21,482	156,373
Interest and dividends	438,276		438,276		438,276	281,715		281,715		281,715
Total operating revenues	2,322,345		2,322,345		2,322,345	2,124,229		2,124,229	21,482	2,145,711
Expenses:										
Program	1,778,994		1,778,994		1,778,994	1,354,761		1,354,761		1,354,761
General and administrative	155,741		155,741		155,741	132,018		132,018		132,018
Total operating expenses	1,934,735		1,934,735		1,934,735	1,486,779		1,486,779		1,486,779
Increase in net assets from operations	387,610		387,610		387,610	637,450		637,450	21,482	658,932
Investment and Other Activities										
Contributions		$ 1,000	1,000		1,000		$ 1,077,343	1,077,343		1,077,343
Change in beneficial interest				$ 54,356	54,356				112,733	112,733
Distributions to beneficiaries	(1,263,479)	(275,680)	(1,539,159)		(1,539,159)	(1,294,270)	(256,710)	(1,550,980)		(1,550,980)
Net investment return:										
Interest and dividends	1,424,721	62,557	1,487,278	248,201	1,735,479	1,267,720	61,965	1,329,685	229,164	1,558,849
Realized gains (losses)	1,539,369	14,138	1,553,507	465,455	2,018,962	(114,306)	6,022	(108,284)	223,574	115,290
Unrealized (losses) gains	(745,193)	12,633	(732,560)	(428,710)	(1,161,270)	1,985,227	43,840	2,029,067	1,141,273	3,170,340
Investment management fees	(154,738)	(15,959)	(170,697)	(96,226)	(266,923)	(131,892)	(14,114)	(146,006)	(88,457)	(234,463)
	2,064,159	73,369	2,137,528	188,720	2,326,248	3,006,749	97,713	3,104,462	1,505,554	4,610,016
Net assets released from restrictions:										
Satisfaction of purpose		194,683	194,683	(194,683)		29,585	171,710	201,295	(201,295)	
Change in net assets from investment and other activities	800,680	(6,628)	794,052	48,393	842,445	1,742,064	1,090,056	2,832,120	1,416,992	4,249,112
Change in total net assets	1,188,290	(6,628)	1,181,662	48,393	1,230,055	2,379,514	1,090,056	3,469,570	1,438,474	4,908,044
Net assets at beginning of year	6,696,854	1,611,241	8,308,095	11,344,286	19,652,381	4,317,340	521,185	4,838,525	9,905,812	14,744,337
Net assets at end of year	$ 7,885,144	$ 1,604,613	$ 9,489,757	$ 11,392,679	$ 20,882,436	$ 6,696,854	$ 1,611,241	$ 8,308,095	$ 11,344,286	$ 19,652,381

See Notes to Financial Statements.

KENTUCKY BAPTIST FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended August 31, 2025 and 2024

	2025			2024		
	Program	General and Administrative	Total	Program	General and Administrative	Total
Salaries and wages	$ 860,575	$ 95,619	$ 956,194	$ 735,101	$ 81,678	$ 816,779
Payroll taxes	32,563	3,618	36,181	25,676	2,853	28,529
Employee benefits	195,962	21,764	217,726	177,369	19,707	197,076
Post-retirement benefits	31,893	3,553	35,446	11,940	1,329	13,269
Professional fees	50,730	5,637	56,367	62,948	6,994	69,942
Promotion	160,551		160,551	118,884		118,884
Mission support	144,268		144,268			
Travel	68,132	3,586	71,718	45,960	2,419	48,379
Training and meetings	42,613	4,735	47,348	31,489	3,499	34,988
Office	44,566	4,952	49,518	30,346	3,372	33,718
Occupancy	23,801	4,200	28,001	23,801	4,200	28,001
Information technology	38,853	4,317	43,170	19,930	2,214	22,144
Insurance	44,274	2,330	46,604	47,961	2,524	50,485
Interest	13,034		13,034			
Depreciation	27,179	1,430	28,609	23,356	1,229	24,585
	$ 1,778,994	$ 155,741	$ 1,934,735	$ 1,354,761	$ 132,018	$ 1,486,779

See Notes to Financial Statements.

KENTUCKY BAPTIST FOUNDATION

STATEMENTS OF CASH FLOWS
Years Ended August 31, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Cash received from donors	$ 28,767	$ 1,233,716
Cash received from Kentucky Baptist Convention	313,602	306,190
Cash received for services	1,542,700	1,401,433
Investment income received	2,154,980	1,809,445
Cash paid to employees, vendors and service providers	(2,185,842)	(1,710,993)
Cash paid to beneficiaries	(1,539,159)	(1,550,980)
Net cash provided by operating activities	315,048	1,488,811
Cash Flows from Investing Activities		
Purchases of investments	(119,465,458)	(113,465,604)
Sales and maturities of investments	113,081,582	112,657,252
Purchases of property and equipment	(25,304)	(35,210)
Net cash used in investing activities	(6,409,180)	(843,562)
Cash Flows from Financing Activities		
Cash received - assets held for others - agency accounts	17,861,438	11,323,797
Cash disbursed - assets held for others - agency accounts	(11,296,558)	(10,529,178)
Cash received - assets held for others - perpetual accounts	1,427,796	1,400,272
Cash disbursed - assets held for others - perpetual accounts	(2,797,686)	(2,784,828)
Cash received - assets held for others - annuities/remainder trusts	249,796	177,745
Cash disbursed - assets held for others - annuities/remainder trusts	(489,927)	(345,308)
Cash received - Great Commission Certificates	893,150	
Cash disbursed - Great Commission Certificates	(250,000)	
Net cash provided by (used in) financing activities	5,598,009	(757,500)
Net change in cash	(496,123)	(112,251)
Cash at beginning of year	1,045,896	1,158,147
Cash at end of year	$ 549,773	$ 1,045,896

See Notes to Financial Statements.

KENTUCKY BAPTIST FOUNDATION

STATEMENTS OF CASH FLOWS

Years Ended August 31, 2025 and 2024

	2025	2024
Reconciliation of Change in Total Net Assets to Net Cash Provided by Operating Activities		
Change in total net assets	$ 1,230,055	$ 4,908,044
Adjustments to reconcile change in total net assets to net cash provided by operating activities:		
Depreciation	28,609	24,585
Change in beneficial interest	(54,356)	(112,733)
Undistributed Great Commission Certificates interest	12,661	
Post-retirement benefit adjustment	35,446	13,269
Realized gains on investments	(2,018,962)	(115,290)
Unrealized losses (gains) on investments	1,161,270	(3,170,340)
Changes in assets and liabilities:		
Increase in:		
Accrued investment income	(18,775)	(31,119)
Other assets	(28,635)	(10,259)
Increase (decrease) in:		
Accounts payable and accrued expenses	2,720	7,145
Post-retirement benefit obligation	(34,985)	(24,491)
Total adjustments	(915,007)	(3,419,233)
Net cash provided by operating activities	$ 315,048	$ 1,488,811

Note 1. Organization and Summary of Significant Accounting Policies

Organization:

The Kentucky Baptist Foundation (the Foundation) is a Kentucky not-for-profit corporation formed to receive and administer funds for the benefit of (a) the churches, associations, institutions, agencies and enterprises fostered by, having the official sanction of, or supported by the Kentucky Baptist Convention; (b) Baptist organizations whose purposes are not in conflict with Kentucky Baptist Convention causes; and (c) other 501(c)(3) organizations whose purposes are not in conflict with Kentucky Baptist Convention causes.

The Foundation provides Christian estate stewardship consultation to the members of the Kentucky Baptist churches and conducts estate and charitable gift planning seminars in the churches to encourage the members to make permanent gifts for the advancement and development of financial support for the causes and purposes described in the preceding paragraph.

Summary of significant accounting policies:

This summary of significant accounting policies of the Foundation is presented to assist in understanding the Foundation's financial statements. The financial statements and notes are representations of the Foundation's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of presentation:

The Foundation's financial statements include the classification of resources into two separate classes of net assets, as follows:

Net assets without donor restrictions: Net assets which are free of donor-imposed restrictions. Included in net assets without donor restrictions are donor advised funds for which donors may make recommendations to the Board of Directors with respect to the distribution of the income and/or principal for an agreed upon period of time. The Board of Directors has complete discretion on whether to accept or reject the donor's recommendation. Also in net assets without donor restrictions, are net assets designated by the Board of Directors for retiree benefits and other Foundation operational support.

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. This classification of net assets also includes unexpended net realized and unrealized gains on endowment funds, the income on which has been donor restricted. The Foundation's policy is to reinvest such earnings for future growth and to use these earnings in accordance with donor stipulations as to the original gift corpus. 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.

Accounting principles generally accepted in the United States of America establish reporting standards for transactions in which assets are transferred to a not-for-profit organization that agrees to use those assets on behalf of another entity that is specified by the transferor. The standards provide that a recipient organization (the Foundation) that accepts assets from a transferor and agrees to use those assets on behalf of or transfer those assets, the return on investment of those assets, or both, to a specified beneficiary is not a donee and the transaction is not a contribution to the recipient organization (the Foundation). The Foundation recognizes its liability to the specified beneficiary concurrent with its recognition of cash or other financial assets received from the transferor. Such liability is reported as assets held for others on the statements of financial position.

Cash and cash equivalents:

For purposes of the statements of cash flows, the Foundation considers cash and investments with original maturities of three months or less to be cash and cash equivalents, excluding those amounts held as part of the investment portfolio.

Investments and investment income:

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Investments in equity securities with readily determinable fair values, investments in debt securities, mutual funds, and exchange traded funds are stated at fair value as determined by quoted fair values at the statements of financial position date. Investments in asset-backed securities are stated at fair value determined by quoted fair values, if available. If a quoted fair value is not available, fair value is determined using quoted fair values for similar securities.

Investments in private equity funds are stated at fair value. In determining fair value of private equity funds, the Foundation utilizes the value as determined by the investment fund manager as reasonably determined based on the Foundation's capital balance. However, because of the inherent uncertainty of valuation, the estimated value may differ significantly from the value that would have been used had a ready market for the investment existed, and the difference could be material.

Investment income is allocated to sub-accounts monthly based on the number of units held by each sub-account. Interest and dividends included in operating activities on the statements of activities are earnings on unrestricted operating funds of the Foundation. All other investment return is considered non-operating. Net investment return reported in the statements of activities consists of interest and dividend income, realized and unrealized gains and losses, less investment expenses and other deductions.

Financial instruments:

Financial instruments other than investments include cash, other assets, accounts payable, and accrued expenses. As of August 31, 2025 and 2024, none of these assets and liabilities were required to be reported at fair value on a recurring basis. Carrying values of non-derivative financial instruments, including cash, other assets, accounts payable, and accrued expenses, approximate their fair values due to the short term nature of these financial instruments. There were no changes in methods or assumptions during the years ended August 31, 2025 or 2024.

Property and equipment:

The Foundation's policy is to capitalize asset purchases exceeding $5,000. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Property and equipment are stated at cost at the date of acquisition. Property and equipment, net of accumulated depreciation, totaling $107,170 and $110,475 as of August 31, 2025 and 2024, respectively, are included in other assets on the statements of financial position.

Compensated absences:

Compensated absences for sick pay have not been accrued since they cannot be reasonably estimated. The Foundation's policy is to recognize these costs when actually paid to employees.

Revenue and revenue recognition:

Management fees are accounted for as reciprocal exchange transactions. Investment management oversight is a single performance obligation. Management fees are recognized over time using the input method as the services are provided. The management fee is calculated and paid per terms of the Investment Agreement and Schedule of Fees, based upon the monthly market values of each sub-account. Fees are withdrawn directly from the principal or income of the sub-accounts. Management fees are subject to fluctuation based on overall market volatility and deposits and withdrawals by account holders.

Contributions:

Contributions are recognized when cash, securities, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. All unconditional promises to give are considered to be available for unrestricted use unless specifically restricted by the donor.

Leases:

The Foundation evaluates contracts at inception and when terms of an existing contract are changed to determine if an arrangement is or contains a lease. Operating leases with a duration longer than twelve months and finance leases are recorded as lease right-of-use (ROU) assets and lease liabilities on the statements of financial position. Short-term leases (leases with an initial term of twelve months or less that do not contain a purchase option that is likely to be exercised) are not recorded on the statements of financial position. The Foundation has no operating leases with a duration over 12 months or finance leases.

Income taxes:

Kentucky Baptist Foundation is a not-for-profit organization described under Section 501(c)(3) of the Internal Revenue Code (the Code). The Foundation is exempt from federal, state and local income taxes under Section 501(a) of the Code and has been classified as a church affiliated organization. Therefore, the Foundation does not file an informational tax return in the federal, state or local jurisdictions. However, income from certain activities not directly related to the Foundation’s tax-exempt status may be subject to taxation as unrelated business income.

As of August 31, 2025 and 2024, the Foundation did not have any accrued interest or penalties related to income tax liabilities, and no interest or penalties have been charged to operations for the tax years then ended.

Functional expense classifications:

The statements of activities report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied, including on the basis of estimates of time and effort. The statements of functional expenses for the years ended August 31, 2025 and 2024 present the natural classification of detail of expenses by function.

Use of estimates:

Financial statements prepared in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Subsequent events:

Subsequent events have been evaluated through October 30, 2025, which is the date the financial statements were available to be issued.

Note 2. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statements of financial position, comprise the following:

At August 31, 2025, the Foundation has $7,242,775 of financial assets available, consisting of cash of $549,773 and revocable investment funds of $6,693,002.

At August 31, 2024, the Foundation has $6,127,784 of financial assets available, consisting of cash of $1,045,896 and revocable investment funds of $5,081,888.

None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the respective statement of financial position date.

The Foundation manages its liquidity and reserves following two guiding principles: operating within a prudent range of financial soundness and stability and maintaining adequate liquid assets to fund near-term operating needs.

Note 3. Investments and Fair Value Measurements

Investments at August 31, 2025 and 2024 are summarized by investment funds as follows (at fair value):

	2025	2024
Cash equivalent fund/designated assets:		
Money market funds	$ 2,151,348	$ 2,073,740
Common stocks	6	6
Total cash equivalent fund/designated assets	2,151,354	2,073,746
Fixed income fund:		
U.S. Government and agency securities	19,200,890	17,024,523
Corporate bonds and notes	11,244,688	12,011,198
Asset backed securities	1,432,551	1,673,151
Mutual funds	52,412,038	46,736,194
Money market funds	4,610,843	5,220,576
Total fixed income fund	88,901,010	82,665,642
Equity fund:		
Common stocks	166,385,835	157,439,674
Mutual funds	87,987	276,289
Exchange traded funds	573,995	329,383
Money market funds	5,013,518	1,198,712
Total equity fund	172,061,335	159,244,058
Private equity fund:		
Private equity investments	149,504	205,633
Money market funds	4,666	4,597
Total private equity fund	154,170	210,230
Short-term fund:		
Common stocks		6,251,759
Exchange traded funds	10,291,191	10,834,459
Money market funds	2,226,460	3,716,604
Mutual funds	24,016,831	10,902,354
Total short-term fund	36,534,482	31,705,176
Great Commission Certificates fund:		
Exchange traded funds	343,229	
Money market funds	79,419	
Mutual funds	338,232	
Total Great Commission Certificates fund	760,880	
Total investments and retiree benefits trust	$300,563,231	$275,898,852

	2025	2024
Per the statements of financial position:		
Investments	$299,639,898	$275,027,789
Retiree benefits trust	923,333	871,063
	$300,563,231	$275,898,852

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using Level 3 inputs are based on significant unobservable inputs.

Fair value of investments by investment level as of August 31, 2025 and 2024 are as follows:

	2025			
	Level 1	Level 2	Level 3	Total
Money market funds	$ 14,086,254			$ 14,086,254
Common stocks	166,385,841			166,385,841
U.S. Government and agency securities	10,247,725	$ 8,953,165		19,200,890
Corporate bonds and notes		11,244,688		11,244,688
Asset backed securities		1,432,551		1,432,551
Mutual funds	76,855,088			76,855,088
Exchange traded funds	11,208,415			11,208,415
Private equity investments			$149,504	149,504
Total investments and retiree benefits trust	$278,783,323	$21,630,404	$149,504	$300,563,231

	2024			
	Level 1	Level 2	Level 3	Total
Money market funds	$ 12,214,229			$ 12,214,229
Common stocks	163,691,439			163,691,439
U.S. Government and agency securities	8,015,447	$ 9,009,076		17,024,523
Corporate bonds and notes		12,011,198		12,011,198
Asset backed securities		1,673,151		1,673,151
Mutual funds	57,914,837			57,914,836
Exchange traded funds	11,163,842			11,163,843
Private equity investments			$205,633	205,633
Total investments and retiree benefits trust	$252,999,794	$22,693,425	$205,633	$275,898,852

There was no purchase or sales activity of the Level 3 assets during the years ended August 31, 2025 and 2024. Redemptions are not permitted from the Private Equity Fund. The Foundation has committed to additional investments of $328,000 in the Private Equity Fund.

Note 4. Endowment Funds

The Foundation's endowment consists of various individual funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds for which the donors have authorized the Board of Directors to select the benefiting organizations (donor-restricted endowment funds), and funds designated by the Board of Directors to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The endowment fund composition by net asset classification and changes for the years ended August 31, 2025 and 2024 are as follows:

	2025		
	Without Donor Restrictions - Board Designated	With Donor Restrictions	Total
Endowment funds, beginning of year	$5,848,487	$11,313,305	$17,161,792
Additions and contributions	684,053		684,053
Change in beneficial interest		54,356	54,356
Net investment return	863,229	187,465	1,050,694
Net assets released from restrictions		(194,683)	(194,683)
Endowment funds, end of year	$7,395,769	$11,360,443	$18,756,212

	2024		
	Without Donor Restrictions - Board Designated	With Donor Restrictions	Total
Endowment funds, beginning of year	$3,395,001	$ 9,876,039	$13,271,040
Additions and contributions	546,885	21,482	568,367
Change in beneficial interest		112,733	112,733
Net investment return	1,906,601	1,504,346	3,410,947
Net assets released from restrictions		(201,295)	(201,295)
Endowment funds, end of year	$5,848,487	$11,313,305	$17,161,792

Interpretation of Relevant Law:

The Board of the Foundation has interpreted the Kentucky Uniform Prudent Management of Institutional Funds Act (UPMIFA) (KRS 273.605-273.645) 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 Foundation classifies as net assets with donor restrictions held in perpetuity: (a) the original value of the initial gift to the endowment; (b) the original value of subsequent gifts to the endowment; and (c) each accumulation made pursuant to a direction in the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of each donor-restricted endowment fund that is not classified as net assets with donor restrictions held in perpetuity is classified as net assets with donor restrictions for specified purposes until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. The standard of prudence requires the Foundation to invest the funds in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. In accordance with UPMIFA, the Foundation 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 investment; (6) other resources of the beneficiary-organizations of each donor-restricted endowment fund; and (7) the Foundation's investment policies.

Return Objectives and Risk Parameters and Strategies:

The Board of Directors has adopted investment and spending policies for its endowment assets that attempt to provide a predictable stream of funding to programs and ministries supported by the various individual endowment funds, 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 equity and fixed income securities and alternative strategies, intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual spending formula distribution while growing the funds. Investment assets and allocation among asset classes and strategies are managed in a manner that will not expose the endowment funds to unacceptable levels of risk.

Spending Policy and How the Investment Objectives Relate to Spending Policy:

The Foundation has had a spending policy of appropriating for distribution each year 3.5 percent of the average fair value of the prior 16 quarters through the fiscal year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered: (1) the expected long-term returns on its investments, (2) the possible effects of inflation, and (3) the nature and duration of the individual endowment funds, all of which must be maintained in perpetuity because of donor restrictions.

Notwithstanding the foregoing, in any fiscal year in which the market value of an individual endowment fund is less than its book value, the Foundation does not appropriate the spending policy amount but instead appropriates only the net income (dividends and interest less expenses) generated by the account during such fiscal year. This exception to the general spending policy is also consistent with the Foundation's objective to provide real inflation-adjusted growth through investment return to its endowment.

Note 5. Assets Held for Others

The Foundation recognizes a liability for financial assets held for third parties (resource providers) where the Foundation is acting in an agency capacity (agency accounts). Under such agreements, the Foundation invests the assets and distributes the assets and earnings thereon as directed by the resource providers. The resource providers may withdraw all or part of the assets at their discretion.

The Foundation also recognizes a liability for financial assets accepted from donors (resource providers) who direct the return on investment of those assets be transferred to a specified beneficiary or beneficiaries (perpetual accounts). The resource providers have directed that the assets be invested in perpetuity and only the investment earnings be available for distribution.

The Foundation also recognizes a liability for financial assets accepted from donors (resource providers) who retain for themselves and/or other non-charitable beneficiaries the right to receive a designated cash flow for life or a term of years and who direct the remainder, or return on the investment of the remainder, at the end of the term be transferred to a specified beneficiary or beneficiaries (annuities/remainder trusts). The resource provider may not withdraw all or any part of these assets.

The following is a summary of activity in assets held for others during the years ended August 31:

	2025			
	Agency	Perpetual	Annuities/ Remainder Trusts	Total
Balance at beginning of year	$154,426,933	$ 97,566,051	$ 5,631,507	$257,624,491
Additions:				
Net investment return:				
Interest and dividends	4,657,500	2,623,391	146,783	7,427,674
Realized and unrealized net investment gains	9,281,156	7,705,288	382,091	17,368,535
Investment management fees	(745,129)	(1,252,072)	(67,807)	(2,065,008)
Net investment return	13,193,527	9,076,607	461,067	22,731,201
Cash and securities deposited with the Foundation	13,934,992	56,477	170,820	14,162,289
Total additions	27,128,519	9,133,084	631,887	36,893,490
Deductions:				
Distributions to beneficiaries	(8,414,290)	(2,783,611)	(480,122)	(11,657,554)
Withdrawals	(2,821,601)			(2,847,902)
Legal, taxes, and professional services	(60,667)		(9,805)	(64,640)
Total deductions	(11,296,558)	(2,783,611)	(489,927)	(14,570,096)
Transfers	14,075	(14,075)		
Net change	15,846,036	6,335,398	141,960	22,323,394
Balance at end of year	$170,272,969	$103,901,449	$ 5,773,467	$279,947,885

	2024			
	Agency	Perpetual	Annuities/ Remainder Trusts	Total
Balance at beginning of year	$137,064,827	$ 86,196,195	$ 5,060,531	$228,321,553
Additions:				
Net investment return:				
Interest and dividends	4,290,593	2,476,217	141,894	6,908,704
Realized and unrealized net investment gains	16,567,487	12,754,412	738,539	30,060,438
Investment management fees	(679,988)	(1,162,794)	(64,969)	(1,907,751)
Net investment return	20,178,092	14,067,835	815,464	35,061,391
Cash and securities deposited with the Foundation	7,702,949	86,849	100,820	7,890,618
Total additions	27,881,041	14,154,684	916,284	42,952,009
Deductions:				
Distributions to beneficiaries	(4,888,846)	(2,773,200)	(335,408)	(7,997,454)
Withdrawals	(5,592,171)			(5,592,171)
Legal, taxes, and professional services	(48,161)	(1,385)	(9,900)	(59,446)
Total deductions	(10,529,178)	(2,774,585)	(345,308)	(13,649,071)
Transfers	10,243	(10,243)		
Net change	17,362,106	11,369,856	570,976	29,302,938
Balance at end of year	$154,426,933	$ 97,566,051	$ 5,631,507	$257,624,491

Note 6. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following at August 31, 2025 and 2024 and are included in investments on the statements of financial position:

	2025	2024
Subject to expenditure for a specified purpose:		
Held for investment, primarily for scholarships and to support various Baptist causes	$ 6,322,933	$ 6,328,896
Held in perpetuity	5,069,746	5,015,390
	$11,392,679	$11,344,286

Note 7. Transactions with Kentucky Baptist Convention

The Foundation has entered into a Covenant Agreement with the Kentucky Baptist Convention (the Convention) whereby the Foundation's Board of Directors is elected by the Convention.

The Foundation has also entered into a Financial and Services Agreement with the Convention whereby the Convention will provide the Foundation with an allocation of funds for operations in amounts determined by the Mission Board of the Kentucky Baptist Convention. The Foundation received allocations totaling $308,483 and $301,840 from the Convention and Restricted Kentucky Only funds of $5,119 and $4,350 for the years ended August 31, 2025 and 2024, respectively.

The Foundation leases office space from the Convention under an annual lease agreement. The lease renews annually for a one year period; however, either party may terminate the lease by providing a six month notice. Rent paid to the Convention was approximately $28,000 for both of the years ended August 31, 2025 and 2024.

Note 8. Post-Retirement Benefits

The Foundation has a policy to provide post-retirement health care benefits for retirees. The Foundation will provide post-retirement health care benefits to all active participants hired prior to June 1, 2004 and remain employed with the Foundation until disability or retirement (age 55 or above) and have at least twenty years of active service with the Foundation. The post-retirement health care benefit is 100% of post-retirement health care cost for the participant and their eligible dependents for the remainder of the participant's life. The Foundation does not pay Medicare premiums.

The Foundation also has a policy to provide post-retirement life insurance benefits. The Foundation will provide post-retirement life insurance benefits to all active participants provided they remain employed at the Foundation until disability or retirement (age 55 or above) and have at least twenty years of active service with the Foundation. The post-retirement life insurance benefit provided is 100% of the post-retirement life insurance cost for the participant for the remainder of his or her life.

The Foundation also has a policy of providing retirement gifts for retirees. The Foundation will provide a retirement gift to all active participants provided they remain employed at the Foundation until disability or retirement (age 55 or above). The retirement gift provided by the Foundation is equal to one month's salary for retirees with up to 9 years of active years of service, or one month's salary plus $500 for retirees with 10 or more years of active service.

The plan is unfunded; however, the Foundation has established an irrevocable grantor trust to hold funds to satisfy this liability. The trust balance of $923,333 and $871,063 as of August 31, 2025 and 2024, respectively, is included as retiree benefits trust on the statements of financial position.

The following sets forth the plan's funded status and amounts recognized in the financial statements as of and for the years ended August 31, 2025 and 2024:

	2025	2024
Accumulated post-retirement benefit obligation	$(458,915)	$(458,454)
Plan assets at fair value		
Unfunded status	$(458,915)	$(458,454)
Post-retirement benefit obligation recognized in the statements of financial position	$(458,915)	$(458,454)
Consists of the following:		
Obligations for inactive participants	410,275	312,848
Obligation for active participants	48,640	145,606
Employer contributions	$34,985	$24,491
Benefits paid	$(34,985)	$(24,491)

Amounts Recognized in Change in Net Assets Without Donor Restrictions

	2025	2024
Net Periodic Benefit Cost		
Service cost	$ 2,089	$ 1,599
Interest cost	22,031	24,166
Gain recognized	(18,122)	(17,337)
Net periodic benefit cost	5,998	8,428
Change in amounts not yet in net periodic benefit cost:		
New unrecognized loss	29,448	4,841
Total recognized in change in net assets without donor restrictions (post-retirement benefits expense)	$35,446	$13,269

Amounts Recognized in Change in Net Assets Without Donor Restrictions Not Yet Included in Net Periodic Benefit Cost

	2025	2024
Unrealized net gain	$(130,569)	$(160,017)

There is no amortization of unrecognized prior service cost and net loss that will be amortized into net periodic benefit cost over the next fiscal year.

Significant changes in the post-retirement benefit obligation include a discount rate gain of $9,400 resulting from the increase in the discount rate; an economic assumption loss of $7,300 due to the health care cost trend rates update and the initial salary scale increase; and an actuarial loss of $11,300 resulting from other plan experience including census changes, variance in health care premiums, life premiums, and projected benefits paid.

Assumptions

The Foundation uses an August 31 measurement date for the plan. Assumptions utilized in the actuarial valuation are as follows:

	2025	2024
Discount rates	5.25%	5.00%
Rate of compensation pay increase	4.00%	3.00%
Expected long-term healthcare cost increase:		
Initial rate:		
Pre-65 (Medical/Rx)	7.90%/11.40%	6.80%/9.90%
Post-65 (Medical/Rx)	5.00%/6.60%	4.40%/6.60%
Ultimate rate:		
Pre-65 (Medical/Rx)	4.37%/4.87%	4.37%/4.87%
Post-65 (Medical/Rx)	4.40%/4.87%	4.40%/4.87%
Time to ultimate rate	8 years	8 years
Average remaining service	7.1 years	6.3 years
Mortality Basis	Pri-2012 Total Dataset	Pri-2012 Total Dataset

The assumed health care cost trend rates for the next year used to measure the expected cost of benefits covered by the plan are as follows:

	2025		
	Low	Base	High
Initial rate	-1%	8.63%/6.12%	+1%
Ultimate rate	-1%	4.49%/4.73%	+1%
Time to ultimate rate	8 years	8 years	8 years

	2024		
	Low	Base	High
Initial rate	-1%	7.45%/5.83%	+1%
Ultimate rate	-1%	4.49%/4.72%	+1%
Time to ultimate rate	8 years	8 years	8 years

Cash Flows

The Foundation expects to contribute $29,263 to the plan during the year ended August 31, 2026. The benefits expected to be paid in each of the next five years and the aggregate amount of benefits expected to be paid in the subsequent five years are as follows:

2025 – 2026	$ 36,637
2026 – 2027	48,764
2027 – 2028	36,998
2028 – 2029	38,220
2029 – 2030	36,626
2030 – 2035	185,032

The amounts recognized in change in net assets without donor restrictions for the post-retirement benefit obligations are included in program, general and administrative expenses and distributions to beneficiaries on the statements of activities for the years ended August 31, 2025 and 2024.

Note 9. Employee Benefit Plan

The Foundation participates in a 403(b)(9) Retirement Plan, a defined contribution pension plan, administered by GuideStone Financial Resources of the Southern Baptist Convention. This plan covers all full-time employees. The Foundation's contributions to the plan, based on a percentage of employees' gross salaries, were approximately $79,000 and $71,000, respectively, for the years ended August 31, 2025 and 2024.

Note 10. Concentration of Credit Risk

The Foundation maintains its cash accounts at a financial institution whose accounts are guaranteed by the Federal Deposit Insurance Corporation up to $250,000. At August 31, 2025, uninsured cash balances were approximately $307,000. The Foundation believes the cash is held by a financial institution with sufficient size to provide financial security of the uninsured balance.

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. It is reasonably possible that changes in the values of investments could occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Note 11. Great Commission Certificates

The Foundation operates a Church Extension Fund known as Great Commission Certificates (GCCs). The GCC program is registered by completion and filing of an Offering Circular (Circular). The Circular is prepared in compliance with the North American Securities Administrators Association's Statement of Policy Regarding Church Extension Fund Securities and submitted to the Kentucky Department of Financial Institutions (KDFI) for claim of exemption from registration of securities pursuant to KRS 292.400(9) and KRS 292.415. The initial exemption claim was recognized by KDFI on September 4, 2024 and has been renewed annually. The current exempt Circular dated August 1, 2025 offers notes payable in the aggregate principal amount of $50,000,000.

The Foundation offers GCCs to individual investors to make funds available for ministry activities. The minimum investment is $10,000. Additions are permitted at any time and withdrawals are permitted upon thirty days advance request. The GCCs bear interest at a rate that may be adjusted by the Foundation on a monthly basis. The annual interest rate on the GCCs is 4.15% as of August 31, 2025. See the Offering Circular(s) for additional terms and conditions. At August 31, 2025, the total outstanding GCCs was $655,811. No GCCs were outstanding at August 31, 2024.

KENTUCKY BAPTIST FOUNDATION

FINANCIAL STATEMENTS

Years Ended August 31, 2024 and 2023

Table of Contents

deming malone livesay + ostroff

Independent Auditors' Report

To the Board of Directors
Kentucky Baptist Foundation
Louisville, Kentucky

Opinion

We have audited the accompanying financial statements of Kentucky Baptist Foundation (the Foundation), which comprise the statements of financial position as of August 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kentucky Baptist Foundation as of August 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Kentucky Baptist Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Kentucky Baptist Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

301 E. Elm Street
New Albany, Indiana 47150
T: 812.945.5236
F: 812.949.4095

9300 Shelbyville Road
Suite 1100
Louisville, Kentucky 40222
T: 502.426.9660
F: 502.425.0883

131 E. Chestnut Street
Corydon, Indiana 47112
T: 812.738.3516
F: 812.738.3519

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Kentucky Baptist Foundation's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Kentucky Baptist Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Deming, Malone, Livesay & Ostroff

Louisville, Kentucky
October 17, 2024

By: Christine N. Koenig
Christine N. Koenig, Audit Director

KENTUCKY BAPTIST FOUNDATION

STATEMENTS OF FINANCIAL POSITION

August 31, 2024 and 2023

	2024	2023
Assets		
Cash	$ 1,045,896	$ 1,158,147
Investments	275,027,789	240,876,151
Retiree benefits trust	871,063	756,082
Accrued investment income	648,850	617,731
Other assets	257,147	235,729
Total assets	$ 277,850,745	$ 243,643,840
Liabilities		
Assets held for others:		
Agency accounts	$ 154,426,933	$ 137,064,827
Perpetual accounts	97,566,051	86,196,195
Annuities/remainder trusts	5,631,507	5,060,531
Total assets held for others	257,624,491	228,321,553
Accounts payable and accrued expenses	115,419	108,274
Post-retirement benefit obligation	458,454	469,676
Total liabilities	258,198,364	228,899,503
Net Assets		
Without donor restrictions:		
Undesignated	848,367	922,339
Board designated	5,848,487	3,395,001
	6,696,854	4,317,340
Donor advised and other funds	1,611,241	521,185
Total net assets without donor restrictions	8,308,095	4,838,525
With donor restrictions	11,344,286	9,905,812
Total net assets	19,652,381	14,744,337
Total liabilities and net assets	$ 277,850,745	$ 243,643,840

See Notes to Financial Statements.

KENTUCKY BAPTIST FOUNDATION

STATEMENTS OF ACTIVITIES

Years Ended August 31, 2024 and 2023

	2024				
	Without Donor Restrictions				
	Operating and Other Activities	Donor Advised and Other Funds	Total	With Donor Restrictions	Total
Operating Activities					
Revenues:					
Management fees	$ 1,401,433		$ 1,401,433		$ 1,401,433
Allocation from Kentucky Baptist Convention and Restricted KY Only	306,190		306,190		306,190
Contributions and other income	134,891		134,891	$ 21,482	156,373
Interest and dividends	281,715		281,715		281,715
Total operating revenues	2,124,229		2,124,229	21,482	2,145,711
Expenses:					
Program	1,354,761		1,354,761		1,354,761
General and administrative	132,018		132,018		132,018
Total operating expenses	1,486,779		1,486,779		1,486,779
Increase in net assets from operations	637,450		637,450	21,482	658,932
Investment and Other Activities					
Contributions		$ 1,077,343	1,077,343		1,077,343
Change in beneficial interest				112,733	112,733
Distributions to beneficiaries	(1,294,270)	(256,710)	(1,550,980)		(1,550,980)
Net investment return:					
Interest and dividends	1,267,720	61,965	1,329,685	229,164	1,558,849
Realized gains (losses)	(114,306)	6,022	(108,284)	223,574	115,290
Unrealized gains	1,985,227	43,840	2,029,067	1,141,273	3,170,340
Investment management fees	(131,892)	(14,114)	(146,006)	(88,457)	(234,463)
	3,006,749	97,713	3,104,462	1,505,554	4,610,016
Net assets released from restrictions:					
Satisfaction of purpose	29,585	171,710	201,295	(201,295)	
Change in net assets from investment and other activities	1,742,064	1,090,056	2,832,120	1,416,992	4,249,112
Change in total net assets	2,379,514	1,090,056	3,469,570	1,438,474	4,908,044
Net assets at beginning of year	4,317,340	521,185	4,838,525	9,905,812	14,744,337
Net assets at end of year	$ 6,696,854	$ 1,611,241	$ 8,308,095	$ 11,344,286	$ 19,652,381

See Notes to Financial Statements.

2023				
Without Donor Restrictions				
Operating and Other Activities	Donor Advised and Other Funds	Total	With Donor Restrictions	Total
$ 1,277,465		$ 1,277,465		$ 1,277,465
300,090		300,090		300,090
1,182,303		1,182,303		1,182,303
470,471		470,471		470,471
3,230,329		3,230,329		3,230,329
1,166,165		1,166,165		1,166,165
114,293		114,293		114,293
1,280,458		1,280,458		1,280,458
1,949,871		1,949,871		1,949,871
	$ 301,327	301,327	$ 3,045	304,372
			30,139	30,139
(888,685)	(395,786)	(1,284,471)		(1,284,471)
749,864	16,210	766,074	212,167	978,241
66,159	(1,619)	64,540	(764)	63,776
283,865	20,659	304,524	483,775	788,299
(111,439)	(5,900)	(117,339)	(78,835)	(196,174)
988,449	29,350	1,017,799	616,343	1,634,142
42,450	118,486	160,936	(160,936)	
142,214	53,377	195,591	488,591	684,182
2,092,085	53,377	2,145,462	488,591	2,634,053
2,225,255	467,808	2,693,063	9,417,221	12,110,284
$ 4,317,340	$ 521,185	$ 4,838,525	$ 9,905,812	$ 14,744,337

KENTUCKY BAPTIST FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended August 31, 2024 and 2023

	2024			2023		
	Program	General and Administrative	Total	Program	General and Administrative	Total
Salaries and wages	$ 735,101	$ 81,678	$ 816,779	$ 631,789	$ 70,199	$ 701,988
Payroll taxes	25,676	2,853	28,529	20,378	2,264	22,642
Employee benefits	177,367	19,707	197,074	160,763	17,863	178,626
Post retirement benefits	11,942	1,329	13,271	14,734	1,637	16,371
Professional fees	62,948	6,994	69,942	42,842	4,760	47,602
Promotion	118,884		118,884	89,474		89,474
Travel	45,960	2,419	48,379	48,899	2,574	51,473
Training and meetings	31,489	3,499	34,988	7,625	847	8,472
Office	30,346	3,372	33,718	41,170	4,574	45,744
Occupancy	23,801	4,200	28,001	22,000	3,882	25,882
Information technology	19,930	2,214	22,144	19,508	2,168	21,676
Insurance	47,961	2,524	50,485	47,488	2,499	49,987
Depreciation	23,356	1,229	24,585	19,495	1,026	20,521
	$ 1,354,761	$ 132,018	$1,486,779	$ 1,166,165	$ 114,293	$ 1,280,458

See Notes to Financial Statements.

KENTUCKY BAPTIST FOUNDATION

STATEMENTS OF CASH FLOWS

Years Ended August 31, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Cash received from donors	$ 1,233,716	$ 1,485,175
Cash received from Kentucky Baptist Convention	306,190	300,090
Cash received for services	1,401,433	1,277,465
Investment income received	1,809,445	1,305,736
Cash paid to employees, vendors and service providers	(1,710,993)	(1,422,579)
Cash paid to beneficiaries	(1,550,980)	(1,284,471)
Net cash provided by operating activities	1,488,811	1,661,416
Cash Flows from Investing Activities		
Purchases of investments	(113,465,604)	(133,017,980)
Sales and maturities of investments	112,657,252	124,010,175
Purchases of property and equipment	(35,210)	(68,883)
Net cash used in investing activities	(843,562)	(9,076,688)
Cash Flows from Financing Activities		
Cash received - assets held for others - agency accounts	11,323,797	21,344,378
Cash disbursed - assets held for others - agency accounts	(10,529,178)	(12,368,718)
Cash received - assets held for others - perpetual accounts	1,400,272	1,489,189
Cash disbursed - assets held for others - perpetual accounts	(2,784,828)	(2,694,534)
Cash received - assets held for others - annuities/remainder trusts	177,745	289,547
Cash disbursed - assets held for others - annuities/remainder trusts	(345,308)	(364,642)
Contributions restricted for permanent investment		1,500
Net cash (used in) provided by financing activities	(757,500)	7,696,720
Net change in cash	(112,251)	281,448
Cash at beginning of year	1,158,147	876,699
Cash at end of year	$ 1,045,896	$ 1,158,147

See Notes to Financial Statements.

	2024	2023
Reconciliation of Change in Total Net Assets to Net Cash Provided by Operating Activities		
Change in total net assets	$ 4,908,044	$ 2,634,053
Adjustments to reconcile change in total net assets to net cash provided by operating activities:		
Depreciation	24,585	20,521
Change in beneficial interest	(112,733)	(30,139)
Post-retirement benefit adjustment	13,269	16,371
Contributions restricted for permanent investment		(1,500)
Realized gains on investments	(115,290)	(63,776)
Unrealized gains on investments	(3,170,340)	(788,299)
Changes in assets and liabilities:		
Decrease (increase) in:		
Accrued investment income	(31,119)	(142,976)
Other assets	(10,259)	9,852
Increase (decrease) in:		
Accounts payable and accrued expenses	7,145	31,851
Post-retirement benefit obligation	(24,491)	(24,542)
Total adjustments	(3,419,233)	(972,637)
Net cash provided by operating activities	$ 1,488,811	$ 1,661,416

Note 1. Organization and Summary of Significant Accounting Policies

Organization:

The Kentucky Baptist Foundation (the Foundation) is a Kentucky not-for-profit corporation formed to receive and administer funds for the benefit of (a) the churches, associations, institutions, agencies and enterprises fostered by, having the official sanction of, or supported by the Kentucky Baptist Convention; (b) Baptist organizations whose purposes are not in conflict with Kentucky Baptist Convention causes; and (c) other 501(c)(3) organizations whose purposes are not in conflict with Kentucky Baptist Convention causes.

The Foundation provides Christian estate stewardship consultation to the members of the Kentucky Baptist churches and conducts estate and charitable gift planning seminars in the churches to encourage the members to make permanent gifts for the advancement and development of financial support for the causes and purposes described in the preceding paragraph.

Summary of significant accounting policies:

This summary of significant accounting policies of the Foundation is presented to assist in understanding the Foundation's financial statements. The financial statements and notes are representations of the Foundation's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of presentation:

The Foundation's financial statements include the classification of resources into two separate classes of net assets, as follows:

Net assets without donor restrictions: Net assets which are free of donor-imposed restrictions. Included in net assets without donor restrictions are donor advised funds for which donors may make recommendations to the Board of Directors with respect to the distribution of the income and/or principal for an agreed upon period of time. The Board of Directors has complete discretion on whether to accept or reject the donor's recommendation. Also in net assets without donor restrictions, are net assets designated by the Board of Directors for retiree benefits and other Foundation operational support.

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. This classification of net assets also includes unexpended net realized and unrealized gains on endowment funds, the income on which has been donor restricted. The Foundation's policy is to reinvest such earnings for future growth and to use these earnings in accordance with donor stipulations as to the original gift corpus. 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.

Accounting principles generally accepted in the United States of America establish reporting standards for transactions in which assets are transferred to a not-for-profit organization that agrees to use those assets on behalf of another entity that is specified by the transferor. The standards provide that a recipient organization (the Foundation) that accepts assets from a transferor and agrees to use those assets on behalf of or transfer those assets, the return on investment of those assets, or both, to a specified beneficiary is not a donee and the transaction is not a contribution to the recipient organization (the Foundation). The Foundation recognizes its liability to the specified beneficiary concurrent with its recognition of cash or other financial assets received from the transferor.

Cash and cash equivalents:

For purposes of the statements of cash flows, the Foundation considers cash and investments with original maturities of three months or less to be cash and cash equivalents, excluding those amounts held as part of the investment portfolio.

Investments and investment income:

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Investments in equity securities with readily determinable fair values, investments in debt securities, mutual funds, and exchange traded funds are stated at fair value as determined by quoted fair values at the statement of financial position date. Investments in asset-backed securities are stated at fair value determined by quoted fair values, if available. If a quoted fair value is not available, fair value is determined using quoted fair values for similar securities.

Investments in private equity funds are stated at fair value. In determining fair value of private equity funds, the Foundation utilizes the value as determined by the investment fund manager as reasonably determined based on the Foundation's capital balance. However, because of the inherent uncertainty of valuation, the estimated value may differ significantly from the value that would have been used had a ready market for the investment existed, and the difference could be material.

Investment income is allocated to accounts monthly based on the number of units held by each account. Interest and dividends included in operating activities on the statements of activities are earnings on unrestricted operating funds of the Foundation. All other investment return is considered non-operating. Net investment return reported in the statements of activities consists of interest and dividend income, realized and unrealized gains and losses, less investment expenses and other deductions.

Financial instruments:

Financial instruments other than investments include cash, other assets, accounts payable, and accrued expenses. As of August 31, 2024 and 2023, none of these assets and liabilities were required to be reported at fair value on a recurring basis. Carrying values of non-derivative financial instruments, including cash, other assets, accounts payable, and accrued expenses, approximate their fair values due to the short term nature of these financial instruments. There were no changes in methods or assumptions during the years ended August 31, 2024 or 2023.

Property and equipment:

The Foundation's policy is to capitalize asset purchases exceeding $5,000. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Property and equipment are stated at cost at the date of acquisition. Property and equipment, net of accumulated depreciation, totaling $110,475 and $99,850 as of August 31, 2024 and 2023, respectively, are included in other assets on the statements of financial position.

Compensated absences:

Compensated absences for sick pay have not been accrued since they cannot be reasonably estimated. The Foundation's policy is to recognize these costs when actually paid to employees.

Revenue and revenue recognition:

Management fees are accounted for as reciprocal exchange transactions. Investment management oversight is a single performance obligation. Management fees are recognized over time using the input method as the services are provided. The management fee is calculated and paid per terms of the Investment Agreement and Schedule of Fees, based upon the monthly market values of each sub-account. Fees are withdrawn directly from the principal or income of the sub-accounts. Management fees are subject to fluctuation based on overall market volatility and deposits and withdrawals by account holders.

Contributions:

Contributions are recognized when cash, securities, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. All unconditional promises to give are considered to be available for unrestricted use unless specifically restricted by the donor.

Leases:

The Foundation evaluates contracts at inception and when terms of an existing contract are changed to determine if an arrangement is or contains a lease. Operating leases with a duration longer than twelve months and finance leases are recorded as lease right-of-use (ROU) assets and lease liabilities on the statements of financial position. Short-term leases (leases with an initial term of twelve months or less that do not contain a purchase option that is likely to be exercised) are not recorded on the statements of financial position. The Foundation has no operating leases with a duration over 12 months or finance leases.

Income taxes:

Kentucky Baptist Foundation is a not-for-profit organization described under Section 501(c)(3) of the Internal Revenue Code (the Code). The Foundation is exempt from federal, state and local income taxes under Section 501(a) of the Code and has been classified as a church affiliated organization. Therefore, the Foundation does not file an informational tax return in the federal, state or local jurisdictions. However, income from certain activities not directly related to the Foundation's tax-exempt status may be subject to taxation as unrelated business income.

As of August 31, 2024 and 2023, the Foundation did not have any accrued interest or penalties related to income tax liabilities, and no interest or penalties have been charged to operations for the tax years then ended.

Functional expense classifications:

The statements of activities report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied, including on the basis of estimates of time and effort. The statements of functional expenses for the years ended August 31, 2024 and 2023 present the natural classification of detail of expenses by function.

Use of estimates:

Financial statements prepared in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Subsequent events:

Subsequent events have been evaluated through October 17, 2024, which is the date the financial statements were available to be issued.

Note 2. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

At August 31, 2024, the Foundation has $6,127,784 of financial assets available, consisting of cash of $1,045,896 and revocable investment funds of $5,081,888.

At August 31, 2023, the Foundation has $3,387,093 of financial assets available, consisting of cash of $1,158,147 and revocable investment funds of $2,728,946.

None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the respective statement of financial position date.

The Foundation manages its liquidity and reserves following two guiding principles: operating within a prudent range of financial soundness and stability and maintaining adequate liquid assets to fund near-term operating needs.

Note 3. Investments and Fair Value Measurements

Investments at August 31, 2024 and 2023 are summarized by investment funds as follows (at fair value):

	2024	2023
Cash equivalent fund/designated assets:		
Money market funds	$ 2,073,740	$ 930,086
U.S. Government and agency securities		396,352
Common stocks	6	9
Total cash equivalent fund/designated assets	2,073,746	1,326,447
Fixed income fund:		
U.S. Government and agency securities	17,024,523	13,186,087
Corporate bonds and notes	12,011,198	9,756,724
Asset backed securities	1,673,151	329,099
Mutual funds	46,736,194	47,834,606
Money market funds	5,220,576	2,227,823
Total fixed income fund	82,665,642	73,334,339
Equity fund:		
Common stocks	157,439,674	130,142,020
Mutual funds	276,289	7,128,238
Exchange traded funds	329,383	219,901
Money market funds	1,198,712	2,608,304
Total equity fund	159,244,058	140,098,463
Private equity fund:		
Private equity investments	205,633	238,273
Money market funds	4,597	4,662
Total private equity fund	210,230	242,935
Short-term fund:		
Cash		500,000
Common stocks	6,251,759	4,981,178
Exchange traded funds	10,834,459	3,694,146
Money market funds	3,716,604	8,769,428
Mutual funds	10,902,354	8,685,297
Total short term fund	31,705,176	26,630,049
Total investments and retiree benefits trust	$275,898,852	$241,632,233
Per the statements of financial position:		
Investments	$275,027,789	$240,876,151
Retiree benefits trust	871,063	756,082
	$275,898,852	$241,632,233

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using Level 3 inputs are based on significant unobservable inputs.

Fair value of investments by investment level as of August 31, 2024 and 2023 are as follows:

	2024			
	Level 1	Level 2	Level 3	Total
Money market funds	$ 12,214,229			$ 12,214,229
Common stocks	163,691,439			163,691,439
U.S. Government and agency securities	8,015,447	$ 9,009,076		17,024,523
Corporate bonds and notes		12,011,198		12,011,198
Asset backed securities		1,673,151		1,673,151
Mutual funds	57,914,837			57,914,836
Exchange traded funds	11,163,842			11,163,843
Private equity investments			$205,633	205,633
Total investments and retiree benefits trust	$252,999,794	$22,693,425	$205,633	$275,898,852

	2023			
	Level 1	Level 2	Level 3	Total
Cash	$ 500,000			$ 500,000
Money market funds	14,540,303			14,540,303
Common stocks	135,123,207			135,123,207
U.S. Government and agency securities	5,935,410	$ 7,647,029		13,582,439
Corporate bonds and notes		9,756,724		9,756,724
Asset backed securities		329,099		329,099
Mutual funds	63,648,141			63,648,141
Exchange traded funds	3,914,047			3,914,047
Private equity investments			$238,273	238,273
Total investments and retiree benefits trust	$223,661,108	$17,732,852	$238,273	$241,632,233

There was no purchase or sales activity of the Level 3 assets during the years ended August 31, 2024 and 2023.

The Private Equity Fund includes investments valued at $205,633 and $238,273 at August 31, 2024 and 2023, respectively, which is approximately 0.1% of total investments as of August 31, 2024 and 2023.

Redemptions are not permitted from the Private Equity Fund. The Foundation has committed to additional investments of $328,000 in the Private Equity Fund.

Note 4. Endowment Funds

The Foundation's endowment consists of various individual funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds for which the donors have authorized the Board of Directors to select the benefiting organizations (donor-restricted endowment funds), and funds designated by the Board of Directors to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The endowment fund composition by net asset classification and changes for the years ended August 31, 2024 and 2023 are as follows:

	2024		
	Without Donor Restrictions - Board Designated	With Donor Restrictions	Total
Endowment funds, beginning of year	$3,395,001	$ 9,876,039	$13,271,040
Additions and contributions	546,885	21,482	568,367
Change in beneficial interest		112,733	112,733
Net investment return	1,906,601	1,504,346	3,410,947
Net assets released from restrictions		(201,295)	(201,295)
Endowment funds, end of year	$5,848,487	$11,313,305	$17,161,792

	2023		
	Without Donor Restrictions - Board Designated	With Donor Restrictions	Total
Endowment funds, beginning of year	$1,604,877	$9,389,958	$10,994,835
Additions and contributions	1,258,599	1,500	1,260,099
Change in beneficial interest		30,139	30,139
Net investment return	531,525	615,378	1,146,903
Net assets released from restrictions		(160,936)	(160,936)
Endowment funds, end of year	$3,395,001	$9,876,039	$13,271,040

Interpretation of Relevant Law:

The Board of the Foundation has interpreted the Kentucky Uniform Prudent Management of Institutional Funds Act (UPMIFA) (KRS 273.605-273.645) 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 Foundation classifies as net assets with donor restrictions held in perpetuity: (a) the original value of the initial gift to the endowment; (b) the original value of subsequent gifts to the endowment; and (c) each accumulation made pursuant to a direction in the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of each donor-restricted endowment fund that is not classified as net assets with donor restrictions held in perpetuity is classified as net assets with donor restrictions for specified purposes until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. The standard of prudence requires the Foundation to invest the funds in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. In accordance with UPMIFA, the Foundation 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 investment; (6) other resources of the beneficiary-organizations of each donor-restricted endowment fund; and (7) the Foundation's investment policies.

Return Objectives and Risk Parameters and Strategies:

The Board of Directors has adopted investment and spending policies for its endowment assets that attempt to provide a predictable stream of funding to programs and ministries supported by the various individual endowment funds, 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 equity and fixed income securities and alternative strategies, intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual spending formula distribution while growing the funds. Investment assets and allocation among asset classes and strategies are managed in a manner that will not expose the endowment funds to unacceptable levels of risk.

Spending Policy and How the Investment Objectives Relate to Spending Policy:

The Foundation has had a spending policy of appropriating for distribution each year 3.5 percent of the average fair value of the prior 16 quarters through the fiscal year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered: (1) the expected long-term returns on its investments, (2) the possible effects of inflation, and (3) the nature and duration of the individual endowment funds, all of which must be maintained in perpetuity because of donor restrictions.

Notwithstanding the foregoing, in any fiscal year in which the market value of an individual endowment fund is less than its book value, the Foundation does not appropriate the spending policy amount but instead appropriates only the net income (dividends and interest less expenses) generated by the account during such fiscal year. This exception to the general spending policy is also consistent with the Foundation's objective to provide real inflation-adjusted growth through investment return to its endowment.

Note 5. Assets Held for Others

The Foundation recognizes a liability for financial assets held for third parties (resource providers) where the Foundation is acting in an agency capacity (agency accounts). Under such agreements, the Foundation invests the assets and distributes the assets and earnings thereon as directed by the resource providers. The resource providers may withdraw all or part of the assets at their discretion.

The Foundation also recognizes a liability for financial assets accepted from donors (resource providers) who direct the return on investment of those assets be transferred to a specified beneficiary or beneficiaries (perpetual accounts). The resource providers have directed that the assets be invested in perpetuity and only the investment earnings be available for distribution.

The Foundation also recognizes a liability for financial assets accepted from donors (resource providers) who retain for themselves and/or other non-charitable beneficiaries the right to receive a designated cash flow for life or a term of years and who direct the remainder, or return on the investment of the remainder, at the end of the term be transferred to a specified beneficiary or beneficiaries (annuities/remainder trusts). The resource provider may not withdraw all or any part of these assets.

The following is a summary of activity in assets held for others during the years ended August 31:

	2024			
	Agency	Perpetual	Annuities/ Remainder Trusts	Total
Balance at beginning of year	$137,064,827	$ 86,196,195	$ 5,060,531	$228,321,553
Additions:				
Net investment return:				
Interest and dividends	4,290,593	2,476,217	141,894	6,908,704
Realized and unrealized net investment gains	16,567,487	12,754,412	738,539	30,060,438
Investment management fees	(679,988)	(1,162,794)	(64,969)	(1,907,751)
Net investment return	20,178,092	14,067,835	815,464	35,061,391
Cash and securities deposited with the Foundation	7,702,949	86,849	100,820	7,890,618
Total additions	27,881,041	14,154,684	916,284	42,952,009
Deductions:				
Distributions to beneficiaries	(4,888,846)	(2,773,200)	(335,408)	(7,997,454)
Withdrawals	(5,592,171)			(5,592,171)
Legal, taxes, and professional services	(48,161)	(1,385)	(9,900)	(59,446)
Total deductions	(10,529,178)	(2,774,585)	(345,308)	(13,649,071)
Transfers	10,243	(10,243)		
Net change	17,362,106	11,369,856	570,976	29,302,938
Balance at end of year	$154,426,933	$ 97,566,051	$ 5,631,507	$257,624,491

	2023			
	Agency	Perpetual	Annuities/ Remainder Trusts	Total
Balance at beginning of year	$122,078,624	$ 82,624,767	$ 4,864,539	$209,567,930
Additions:				
Net investment return:				
Interest and dividends	3,792,471	2,322,655	136,113	6,251,239
Realized and unrealized net investment gains	6,010,543	4,776,774	271,087	11,058,404
Investment management fees	(646,639)	(1,079,476)	(61,549)	(1,787,664)
Net investment return	9,156,375	6,019,953	345,651	15,521,979
Cash and securities deposited with the Foundation	18,312,867	87,040	259,631	18,659,538
Total additions	27,469,242	6,106,993	605,282	34,181,517
Deductions:				
Distributions to beneficiaries	(5,429,473)	(2,693,254)	(354,742)	(8,477,469)
Withdrawals	(6,897,701)			(6,897,701)
Legal, taxes, and professional services	(41,544)	(1,280)	(9,900)	(52,724)
Total deductions	(12,368,718)	(2,694,534)	(364,642)	(15,427,894)
Transfers	(114,321)	158,969	(44,648)	
Net change	14,986,203	3,571,428	195,992	18,753,623
Balance at end of year	$137,064,827	$ 86,196,195	$ 5,060,531	$228,321,553

Note 6. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following at August 31, 2024 and 2023:

	2024	2023
Subject to expenditure for a specified purpose:		
Held for investment, primarily for scholarships and to support various Baptist causes	$ 6,328,896	$ 5,188,775
Held in perpetuity	5,015,390	4,717,037
	$ 11,344,286	$ 9,905,812

Note 7. Transactions with Kentucky Baptist Convention

The Foundation has entered into a Covenant Agreement with the Kentucky Baptist Convention (the Convention) whereby the Foundation's Board of Directors is elected by the Convention.

The Foundation has also entered into a Financial and Services Agreement with the Convention whereby the Convention will provide the Foundation with an allocation of funds for operations in amounts determined by the Mission Board of the Kentucky Baptist Convention. The Foundation received allocations totaling $301,840 and $297,036 from the Convention and Restricted Kentucky Only funds of $4,350 and $3,054 for the years ended August 31, 2024 and 2023, respectively.

The Foundation leases office space from the Convention under an annual lease agreement. The lease renews annually for a one year period; however, either party may terminate the lease by providing a six month notice. Rent paid to the Convention was approximately $28,000 and $26,000 for the years ended August 31, 2024 and 2023, respectively.

Note 8. Post-Retirement Benefits

The Foundation has a policy to provide post-retirement health care benefits for retirees. The Foundation will provide post-retirement health care benefits to all active participants hired prior to June 1, 2004 and remain employed with the Foundation until disability or retirement (age 55 or above) and have at least twenty years of active service with the Foundation. The post-retirement health care benefit is 100% of post-retirement health care cost for the participant and their eligible dependents for the remainder of the participant's life. The Foundation does not pay Medicare premiums.

The Foundation also has a policy to provide post-retirement life insurance benefits. The Foundation will provide post-retirement life insurance benefits to all active participants provided they remain employed at the Foundation until disability or retirement (age 55 or above) and have at least twenty years of active service with the Foundation. The post-retirement life insurance benefit provided is 100% of the post-retirement life insurance cost for the participant for the remainder of his or her life.

The Foundation also has a policy of providing retirement gifts for retirees. The Foundation will provide a retirement gift to all active participants provided they remain employed at the Foundation until disability or retirement (age 55 or above). The retirement gift provided by the Foundation is equal to one month's salary for retirees with up to 9 years of active years of service, or one month's salary plus $500 for retirees with 10 or more years of active service.

The plan is unfunded; however, the Foundation has established an irrevocable grantor trust to hold funds to satisfy this liability. The trust balance of $871,063 and $756,082 as of August 31, 2024 and 2023, respectively, is included as retiree benefits trust on the statements of financial position.

The following sets forth the plan's funded status and amounts recognized in the financial statements as of and for the years ended August 31, 2024 and 2023:

	2024	2023
Accumulated post-retirement benefit obligation	$(458,454)	$(469,676)
Plan assets at fair value		
Unfunded status	$(458,454)	$(469,676)
Post-retirement benefit obligation recognized in the statements of financial position	$(458,454)	$(469,676)
Consists of the following:		
Obligations for inactive participants	312,848	334,348
Obligation for active participants	145,606	135,328
Employer contributions	$24,491	$24,542
Benefits paid	(24,491)	(24,542)

Amounts Recognized in Change in Net Assets Without Donor Restrictions

	2024	2023
Net Periodic Benefit Cost		
Service cost	$ 1,599	$ 1,071
Interest cost	24,166	21,065
Net periodic benefit cost	25,765	22,136
Change in amounts not yet in net periodic benefit cost:		
New unrecognized gain	(12,496)	(5,765)
Total recognized in change in net assets without donor restrictions	$(13,269)	$(16,371)

Amounts Recognized in Change in Net Assets Without Donor Restrictions Not Yet Included in Net Periodic Benefit Cost

	2024	2023
Unrealized net gain	$(160,017)	$(164,858)

There is no amortization of unrecognized prior service cost and net loss that will be amortized into net periodic benefit cost over the next fiscal year.

Significant changes in the post-retirement benefit obligation include a discount rate loss of $14,000 resulting from the decrease in the discount rate; an economic assumption gain of $1,000 due to the health care cost trend rates update offset by the initial salary scale increase; and an actuarial gain of $25,000 resulting from other plan experience including variance in health care premiums, life premiums, and projected benefits paid.

Assumptions

The Foundation uses an August 31 measurement date for the plan. Assumptions utilized in the actuarial valuation are as follows:

	2024	2023
Discount rates	5.00%	5.37%
Expected long-term healthcare cost increase:		
Initial rate:		
Pre-65 (Medical/Rx)	6.80%/9.90%	7.40%/9.80%
Post-65 (Medical/Rx)	4.40%/6.60%	4.30%/7.50%
Ultimate rate:		
Pre-65 (Medical/Rx)	4.37%/4.87%	4.37%/4.87%
Post-65 (Medical/Rx)	4.40%/4.87%	4.30%/4.87%
Time to ultimate rate	8 years	8 years
Average remaining service	6.3 years	6.8 years
Mortality Basis	Pri-2012 Total Dataset	Pri-2012 Total Dataset

The assumed health care cost trend rates for the next year used to measure the expected cost of benefits covered by the plan are as follows:

	2024		
	Low	Base	High
Initial rate	-1%	7.45%/5.83%	+1%
Ultimate rate	-1%	4.49%/4.72%	+1%
Time to ultimate rate	8 years	8 years	8 years

	2023		
	Low	Base	High
Initial rate	-1%	7.88%/6.38%	+1%
Ultimate rate	-1%	4.48%/4.69%	+1%
Time to ultimate rate	8 years	8 years	8 years

Cash Flows

The Foundation expects to contribute $28,045 to the plan during the year ended August 31, 2024. The benefits expected to be paid in each of the next five years and the aggregate amount of benefits expected to be paid in the subsequent five years are as follows:

2024 – 2025	$ 40,325
2025 – 2026	34,089
2026 – 2027	43,882
2027 – 2028	34,806
2028 – 2029	35,913
2029 – 2034	176,983

The amounts recognized in change in net assets without donor restrictions for the post retirement benefit obligations are included in program, general and administrative expenses and distributions to beneficiaries on the statements of activities for the years ended August 31, 2024 and 2023.

Note 9. Employee Benefit Plan

The Foundation participates in a 403(b)(9) Retirement Plan, a defined contribution pension plan, administered by GuideStone Financial Resources of the Southern Baptist Convention. This plan covers all full-time employees. The Foundation's contribution to the plan, based on a percentage of employees' gross salaries, was approximately $71,000 and $62,000, respectively, for the years ended August 31, 2024 and 2023.

Note 10. Concentration of Credit Risk

The Foundation maintains its cash accounts at a financial institution whose accounts are guaranteed by the Federal Deposit Insurance Corporation up to $250,000. At August 31, 2024, uninsured cash balances were approximately $809,000. The Foundation believes the cash is held by a financial institution with sufficient size to provide financial security of the uninsured balance.

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. It is reasonably possible that changes in the values of investments could occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Note 11. Great Commission Certificates

In August 2024, the Foundation was approved to issue, in the state of Kentucky, up to $50 million in demand investments, known as Great Commission Certificates (GCCs). The Foundation will sell GCCs to individual investors to make funds available for ministry activities. No GCCs were issued or outstanding at August 31, 2024.