

BAPTIST COMMUNITY MINISTRIES

Audits of Consolidated Financial Statements

September 30, 2025 with Comparative
Totals for September 30, 2024

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Independent Auditor's Report

To the Board of Trustees
Baptist Community Ministries

Opinion

We have audited the consolidated financial statements of Baptist Community Ministries (BCM), which comprise the consolidated statement of financial position as of September 30, 2025, the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of BCM as of September 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis for Opinion

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

Other Matter

The summarized comparative information presented for the year ended September 30, 2024, is derived from the financial statements audited by other auditors. The other auditors expressed an unmodified opinion on those financial statements in their report dated February 20, 2025. We were not engaged to audit, review, or perform any procedures with respect to the summarized comparative information and accordingly, we do not express an opinion or any form of assurance on that information.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, 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.

Responsibilities of Management for the Financial Statements (Continued)

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 BCM's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

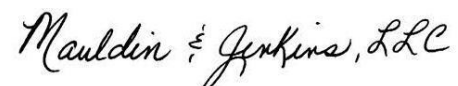
Auditor's Responsibilities for the Audit of the Financial Statements

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 auditor's 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 GAAS 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 GAAS, 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 BCM'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 BCM'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.



Metairie, LA
March 19, 2026

BAPTIST COMMUNITY MINISTRIES
Consolidated Statement of Financial Position
As of September 30, 2025 with Comparative Totals
As of September 30, 2024 (in thousands)

	2025			2024 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Assets				
Current Assets				
Cash and Cash Equivalents	\$ 2,641	\$ 84	\$ 2,725	\$ 8,014
Accounts Receivable	83	-	83	98
Prepaid Expenses	143	-	143	147
Total Current Assets	2,867	84	2,951	8,259
Investments, at Market Value	383,540	30,606	414,146	378,471
Fixed Assets, Net	10,615	-	10,615	10,925
Total Assets	\$ 397,022	\$ 30,690	\$ 427,712	\$ 397,655
Liabilities and Net Assets				
Current Liabilities				
Accounts Payable and Accrued Expenses	\$ 703	\$ 4	\$ 707	\$ 714
Grants Payable	1,904	-	1,904	1,513
Total Current Liabilities	2,607	4	2,611	2,227
Total Liabilities	2,607	4	2,611	2,227
Net Assets	394,415	30,686	425,101	395,428
Total Liabilities and Net Assets	\$ 397,022	\$ 30,690	\$ 427,712	\$ 397,655

The accompanying notes are an integral part of these consolidated financial statements.

BAPTIST COMMUNITY MINISTRIES
Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended September 30, 2025 with Comparative Totals
For the Year Ended September 30, 2024 (in thousands)

	2025			2024 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenue, Support, and Gains				
Net Investment Return	\$ 43,193	\$ 3,252	\$ 46,445	\$ 67,245
Gifts and Pledges	165	-	165	-
Other Income	47	-	47	75
Net Assets Released from Restrictions	1,314	(1,314)	-	-
Total Revenue, Support, and Gains	44,719	1,938	46,657	67,320
Grants and Expenses				
Grants	11,150	-	11,150	10,012
Personnel Costs	4,166	-	4,166	3,951
Occupancy Costs	359	-	359	350
Operating Costs	789	-	789	569
Professional Fees	195	-	195	172
Depreciation	325	-	325	261
Total Grants and Expenses	16,984	-	16,984	15,315
Increase in Net Assets Before				
Gain from Discontinued Operations	27,735	1,938	29,673	52,005
Gain from Discontinued Operations	-	-	-	66
Increase in Net Assets	27,735	1,938	29,673	52,071
Net Assets, Beginning of Year	366,680	28,748	395,428	343,357
Net Assets, End of Year	\$ 394,415	\$ 30,686	\$ 425,101	\$ 395,428

The accompanying notes are an integral part of these consolidated financial statements.

BAPTIST COMMUNITY MINISTRIES
Consolidated Statement of Functional Expenses
For the Year Ended September 30, 2025 (in thousands)

	<u>Program Services</u>		<u>Total Program Services</u>	<u>Supporting Services</u>		<u>2025 Total Expenses</u>
	<u>Grantmaking</u>	<u>Charitable Services</u>		<u>General and Administrative</u>	<u>Total Supporting Services</u>	
Grants	\$ 11,150	\$ -	\$ 11,150	\$ -	\$ -	\$ 11,150
Personnel Costs	516	1,735	2,251	1,915	1,915	4,166
Occupancy Costs	131	95	226	133	133	359
Operating Costs	69	211	280	509	509	789
Professional Fees	4	-	4	191	191	195
Depreciation	-	-	-	325	325	325
Total	\$ 11,870	\$ 2,041	\$ 13,911	\$ 3,073	\$ 3,073	\$ 16,984

The accompanying notes are an integral part of these consolidated financial statements.

BAPTIST COMMUNITY MINISTRIES
Consolidated Statement of Cash Flows
For the Year Ended September 30, 2025 with Comparative Totals
For the Year Ended September 30, 2024 (in thousands)

	2025			2024 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Cash Flows from Operating Activities				
Increase in Net Assets	\$ 27,735	\$ 1,938	\$ 29,673	\$ 52,071
Adjustments to Reconcile Increase in Net Assets to Net Cash Used in Operating Activities				
Depreciation	325	-	325	261
Net Realized and Unrealized Gains on Investments	(39,576)	(2,650)	(42,226)	(64,350)
Loss on Fixed Assets Write-Off	1	-	1	-
(Increase) Decrease in:				
Accounts Receivable	15	-	15	81
Prepaid Expenses	4	-	4	525
Increase (Decrease) in:				
Accounts Payable and Accrued Expenses	(10)	3	(7)	68
Grants Payable	391	-	391	(26)
Other Accrued Liabilities and Long-Term Liabilities	-	-	-	(394)
Net Cash Used in Operating Activities	(11,115)	(709)	(11,824)	(11,764)
Cash Flows from Investing Activities				
Purchases of Investments	(14,164)	-	(14,164)	(28,295)
Proceeds from Sales of Investments	20,008	707	20,715	42,486
Purchases of Fixed Assets	(16)	-	(16)	(1,005)
Net Cash Provided by Investing Activities	5,828	707	6,535	13,186
Net (Decrease) Increase in Cash and Cash Equivalents	(5,287)	(2)	(5,289)	1,422
Cash and Cash Equivalents, Beginning of Year	7,928	86	8,014	6,592
Cash and Cash Equivalents, End of Year	\$ 2,641	\$ 84	\$ 2,725	\$ 8,014

The accompanying notes are an integral part of these consolidated financial statements.

BAPTIST COMMUNITY MINISTRIES

Notes to Consolidated Financial Statements

Note 1. Organization

The consolidated financial statements for Baptist Community Ministries (BCM) include the accounts of BCM and the C.E. McFarland and D.A. McFarland Trusts (the McFarland Trusts).

BCM is a private foundation organized under Section 509(a) of the Internal Revenue Code (IRC). BCM makes grants to qualifying charitable organizations in the five-parish river region, including Orleans and the four surrounding parishes. BCM's funding interests are primarily in the fields of health, education, and public safety.

Chaplaincy Services provides pastoral care in health care and criminal justice settings. Additionally, Congregational Wellness trains nurses and lay persons and supports wellness programs in congregations in the Greater New Orleans area. Together Chaplaincy Services and Congregational Wellness comprise the direct charitable service activities of BCM (Charitable Services).

The McFarland Trusts were established under the wills of C.E. McFarland and D.A. McFarland to provide endowment funds for BCM. BCM is the designated Trustee for both of the McFarland Trusts. The McFarland Trusts are private foundations within the meaning of Section 509(a) of the IRC.

Program Services include Grantmaking and Charitable Services. Grantmaking consists of awarding grants to qualified organizations within BCM's areas of funding interests and direct internal expenses incurred. Charitable Services consists of direct expenses to conduct Chaplaincy Services and Congregational Wellness programs as described above.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting

The consolidated financial statements of BCM have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), and they include all significant receivables, payables, and other liabilities.

Basis of Presentation

Because of common ownership and control, the accompanying financial statements include the consolidated accounts of BCM and the McFarland Trusts. All significant intercompany transactions and accounts are eliminated. For the year ended September 30, 2025, there were no transactions among BCM and the McFarland Trusts eliminated.

BAPTIST COMMUNITY MINISTRIES

Notes to Consolidated Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

The fiscal year 2025 consolidated financial statements presentation is in accordance with the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Accordingly, BCM reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions - Net assets available for use in general operations and are not subject to donor-imposed restrictions.

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. For BCM, these primarily consist of net assets that are available to fund direct charitable services. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. For BCM, these consist substantially of the McFarland Trusts, Nippert, and Andrew Stewart endowment funds. The income from these trusts is used to support direct charitable services. 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. See Notes 7 and 8 for further disclosure of net assets with donor restrictions and releases of net assets with donor restrictions.

The consolidated financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with BCM's consolidated financial statements for the year ended September 30, 2025, from which the summarized information was derived.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

BCM considers highly liquid investments with an initial maturity of three months or less to be cash equivalents.

BAPTIST COMMUNITY MINISTRIES

Notes to Consolidated Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Investments

BCM carries investments at fair value in accordance with the *Not-for-Profit Entities* Topic of the FASB ASC. Investments in equity securities are primarily publicly traded and are generally valued based upon the final sale prices as quoted on the primary exchange. Fixed income securities are generally valued based upon quoted market prices from brokers and dealers, which represent fair value. Investments also include an allocation to the asset class commonly referred to as alternative investments with net asset value (NAV) investments in private equity and real estate funds. BCM has significant transparency into the underlying positions of the private equity and real estate funds. BCM cannot independently assess the value of these underlying positions through a public exchange or over the counter market. These investments are structured as limited liability corporations and are reported at NAV which approximates fair value.

BCM follows the concept of the “practical expedient” under U.S. GAAP. The practical expedient is an acceptable method under U.S. GAAP to determine the fair value of certain NAV investments (a) that do not have a readily determinable fair value predicated upon a public market, and (b) either have the attributes of an investment company or prepare their financial statements consistent with the measurement principles of an investment company under U.S. GAAP. As such, NAV investments are presented in the accompanying consolidated financial statements at fair value, as determined by BCM. Such fair value generally represents BCM’s proportionate share of the net assets of the NAV investment as reported by the investment managers or general partners. Accordingly, the fair value of NAV investments is generally increased by additional contributions and BCM’s share of net earnings from the NAV investments and decreased by distributions and BCM’s share of net losses from the NAV investments.

BCM believes that the carrying amount of its NAV investments is a reasonable estimate of fair value as of September 30, 2025 and 2024. Because these investments are not readily marketable, the estimated value is subject to uncertainty. Therefore, results may differ from the value that would have been used had a ready market for the investment existed and such differences could be material.

Fair Value Measurement

BCM follows the provisions of the *Fair Value Measurement* Topic of the FASB ASC. Accordingly, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The *Fair Value Measurement* Topic establishes a fair value hierarchy for inputs used in measuring fair market value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those which market participants would use in pricing the investment based on the best information available in the circumstances.

BAPTIST COMMUNITY MINISTRIES

Notes to Consolidated Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Fair Value Measurement (Continued)

The fair value hierarchy is categorized into three levels based on the inputs as follows:

- Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical investments that BCM has the ability to access at the measurement date.
- Level 2 Inputs other than quoted prices, which are observable for the investment either directly or indirectly; including inputs in markets that are not considered to be active.
- Level 3 Inputs that are unobservable and includes situations where there is little, if any, market activity for the investment.

Inputs are used in applying the various valuation techniques and refer to the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. BCM considers observable data to be market data which is readily available and reliable and provided by independent sources. The categorization of a financial instrument within the fair value hierarchy is therefore based upon the pricing transparency of the instrument and does not necessarily correspond to BCM's perceived risk of that instrument.

Investments whose values are based on quoted market prices in active markets are classified as Level 1 and generally include active listed equities and certain fixed income investments. BCM does not adjust the quoted price for such instruments.

Investments traded in markets that are not considered to be active under the accounting definition, but are valued on quoted market prices, dealer quotations, or alternative pricing sources supported by observable inputs are classified as Level 2. Such inputs may include model-based valuation techniques. These investments include certain U.S. government and sovereign obligations, government agency obligations, and investment grade corporate bonds.

Fixed Assets, Net

Land, building, equipment, furniture and fixtures, and construction in process are carried at cost. Management's threshold for capitalization is \$1,000. Depreciation is calculated using the straight-line method at rates based on the estimated useful lives of the assets. The estimated useful life of equipment is three years, ten years for furniture and fixtures, and forty years for building.

BAPTIST COMMUNITY MINISTRIES

Notes to Consolidated Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Impairment of Long-Lived Assets

BCM reviews long-lived assets, including property and equipment, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the assets and its fair value are less than the carrying amount of that asset. BCM has not recognized any impairment of long-lived assets during the years ended September 30, 2025 and 2024.

Net Investment Return

Investment return includes interest income, dividends, net realized and unrealized gains and losses on investments, net of expenses, including custodial fees, investment advisory fees, management fees, federal excise taxes, and unrelated business income taxes related to the investments.

Grants

The Board of Trustees approves the issuance of grant contracts. Grants are recorded when a Grant Award Agreement is executed by the grantee and BCM.

BCM and the McFarland Trusts are subject to the distribution requirements of IRC Section 4942 and, accordingly, must distribute grants that, together with certain related expenses, equal 5% of the average market value of their noncharitable-use assets held during the year, as defined by the IRC, within one year after the end of each year. BCM and the McFarland Trusts met or exceeded their distribution requirements during both fiscal years 2025 and 2024.

Gifts, Pledges, and Bequests

Unconditional promises to give are recognized as revenues in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Income Tax

The Internal Revenue Service has determined that both BCM and the McFarland Trusts are exempt from federal income tax under Section 501(c)(3) of the IRC. These entities are private foundations and are subject to certain taxes on their net investment return.

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. BCM and the McFarland Trusts believe that they have appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the consolidated financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense.

BAPTIST COMMUNITY MINISTRIES

Notes to Consolidated Financial Statements

Note 3. Liquidity and Availability

BCM regularly monitors liquidity required to meet its operating needs and other contractual commitments. BCM manages its cash available to meet general expenditures using the following:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance of sustainability.

Assets not available to meet general expenditures within one year of the consolidated statement of financial position date include amounts with lock up provisions (Note 5) and assets restricted in perpetuity (Note 7).

The following table reflects BCM's financial assets available to meet general expenditures within one year of the consolidated statements of financial position as of September 30, 2025 and 2024 (dollars in thousands).

	2025	2024
Cash and Cash Equivalents	\$ 2,725	\$ 8,014
Accounts Receivable	83	98
Investments	414,146	378,471
Less: Donor Restricted Cash	(84)	(86)
Less: Investments with Lock Up Provisions	(41,501)	(39,639)
Less: Donor Restricted Investments	(30,606)	(28,663)
Total	\$ 344,763	\$ 318,195

Note 4. Discontinued Operations

BCM was previously involved in the operation and support of Mercy Baptist Medical Center (MBMC), which operated acute health care facilities located in New Orleans, Louisiana. MBMC was created on February 1, 1994, upon completion of the merger of Southern Baptist Hospital (SBH) and Mercy Hospital of New Orleans. MBMC was sold to NME Hospitals, Inc. on August 22, 1995. BCM received cash proceeds of approximately \$205 million from the sale and retained certain assets and liabilities as part of the transaction. St. John's Place of New Orleans, Inc. (SJP), an affiliate of Sisters of Mercy Health System-St. Louis, withdrew as a member of BCM on December 15, 1995. SJP's share of the net assets from discontinued operations (35%) is being distributed to SJP over time by BCM.

BAPTIST COMMUNITY MINISTRIES

Notes to Consolidated Financial Statements

Note 4. Discontinued Operations (Continued)

Distributions to SJP have been made over time as the liabilities were settled. Through September 30, 2024, BCM has distributed \$68.2 million to SJP. BCM paid the final liability payment in March 2024 in the amount of \$338,400, representing 35% of unpaid liabilities recorded at the time of the sale.

Gain or loss from discontinued operations in the consolidated statement of activities and changes in net assets was comprised primarily of net investment return earned on cash and investments that were being held to pay the retained liabilities and the adjustments made to reduce the recorded liabilities to zero upon making the final payments for the retained liabilities and distributions due to SJP.

Note 5. Investments

Investments held as of September 30, 2025 and 2024 are summarized below (dollars in thousands):

	2025			2024
	BCM	McFarland Trusts	Total	
Equities				
Large Cap	\$ 146,267	\$ -	\$ 146,267	\$ 131,413
Small/Mid Cap	40,978	-	40,978	39,932
Stock Index Fund	-	16,395	16,395	14,819
Developed Markets Index Fund	-	2,978	2,978	2,619
Emerging Markets	-	1,444	1,444	1,281
International	75,705	-	75,705	62,773
Fixed Income Exchange Traded Fund	-	8,239	8,239	8,323
Real Estate Index Fund	-	1,106	1,106	1,177
Total Equities	262,950	30,162	293,112	262,337
Fixed Income	54,199	-	54,199	52,405
Alternative Investments				
Private Equity	41,501	-	41,501	39,639
Real Estate	25,334	-	25,334	24,090
Total Alternative Investments	66,835	-	66,835	63,729
Total Investments	\$ 383,984	\$ 30,162	\$ 414,146	\$ 378,471

BCM has engaged the services of a professional investment consultant and investment managers to actively manage its investment portfolios. Managers are required to manage their portfolios in accordance with investment guidelines approved by the Board of Trustees.

BAPTIST COMMUNITY MINISTRIES

Notes to Consolidated Financial Statements

Note 5. Investments (Continued)

The classification of investments by level within the valuation hierarchy as of September 30, 2025 and 2024 are as follows (dollars in thousands):

September 30, 2025	Level 1	Level 2	Level 3	NAV	Total
Equities					
Large Cap	\$ -	\$ 146,267	\$ -	\$ -	\$ 146,267
Small/Mid Cap	-	40,978	-	-	40,978
Stock Index Fund	16,395	-	-	-	16,395
Developed Markets Index Fund	2,978	-	-	-	2,978
Emerging Markets	1,444	-	-	-	1,444
International	75,705	-	-	-	75,705
Fixed Income Exchange Traded Fund	8,239	-	-	-	8,239
Real Estate Index Fund	1,106	-	-	-	1,106
Total Equities	105,867	187,245	-	-	293,112
Fixed Income	15,558	38,641	-	-	54,199
Alternative Investments ^(a)					
Private Equity	-	-	-	41,501	41,501
Real Estate	-	-	-	25,334	25,334
Total Alternative Investments	-	-	-	66,835	66,835
Total Investments	\$ 121,425	\$ 225,886	\$ -	\$ 66,835	\$ 414,146
<hr/>					
September 30, 2024	Level 1	Level 2	Level 3	NAV	Total
Equities					
Large Cap	\$ -	\$ 131,413	\$ -	\$ -	\$ 131,413
Small/Mid Cap	-	39,932	-	-	39,932
Stock Index Fund	14,819	-	-	-	14,819
Developed Markets Index Fund	2,619	-	-	-	2,619
Emerging Markets	1,281	-	-	-	1,281
International	62,773	-	-	-	62,773
Fixed Income Exchange Traded Fund	8,323	-	-	-	8,323
Real Estate Index Fund	1,177	-	-	-	1,177
Total Equities	90,992	171,345	-	-	262,337
Fixed Income	14,858	37,547	-	-	52,405
Alternative Investments ^(a)					
Private Equity	-	-	-	39,639	39,639
Real Estate	-	-	-	24,090	24,090
Total Alternative Investments	-	-	-	63,729	63,729
Total Investments	\$ 105,850	\$ 208,892	\$ -	\$ 63,729	\$ 378,471

(a) In accordance with Subtopic 820-10, certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statement of financial position.

BAPTIST COMMUNITY MINISTRIES

Notes to Consolidated Financial Statements

Note 5. Investments (Continued)

The following table lists investments in other investment companies as of September 30, 2025 that have been valued using the NAV as a practical expedient, classified by major investment category:

Category of Investment	Investment Strategy and Structure	Number of Investments	Fair Value Using NAV (dollars in thousands)	Unfunded Commitments (dollars in thousands)	Remaining Life	Redemption Terms	Redemption Restrictions and Terms	Redemption Restrictions and Terms in Place at Year End
Private Equity	Investments in the equity and credit of primarily private companies through private partnerships and holding companies. Benchmark is the global stock markets (as measured by the MCSI World Index).	13	\$ 41,501	\$ 6,431	2 to 10 years	Original terms range between four to six years with five additional one-year periods at the discretion of the Manager. Redemption not permitted during the life of the fund. Distributions may be made at the discretion of the general partners.	Not applicable - no redemption ability.	Not applicable - no redemption ability.
Real Estate Limited Partnership	Investments in real estate assets.	1	12,352	-	Open Ended	90 days written notice.	Value as of the last day of the calendar quarter immediately preceding the redemption date subject to the extent as liquid assets permit.	Value as of the last day of the calendar quarter immediately preceding the redemption date subject to the extent as liquid assets permit.
Real Estate Investment Trust	Investments in real estate assets.	1	12,982	-	Open Ended	90 days written notice.	The Limited Partner may revoke a Redemption Notice with 15 days' prior written notice of such revocation the receipt of which has been acknowledged by the General Partner.	The Limited Partner may revoke a Redemption Notice with 15 days' prior written notice of such revocation the receipt of which has been acknowledged by the General Partner.
			<u>\$ 66,835</u>	<u>\$ 6,431</u>				

Note 6. Grants Payable

Amounts that are currently obligated under contract as grants payable totaled approximately \$1.9 million and \$1.5 million as of September 30, 2025 and 2024, respectively.

Probable future funding commitments under grants which are to be disbursed over multiple years, pending continued satisfactory achievement of stated program objectives by grantee organizations totaled approximately \$10.9 million as of September 30, 2025.

BAPTIST COMMUNITY MINISTRIES

Notes to Consolidated Financial Statements

Note 7. Net Assets With Donor Restrictions

At September 30, 2025 and 2024, net assets with donor restrictions totaled approximately \$30.7 and \$28.7 million, respectively.

Net assets with donor-imposed restrictions temporary in nature are available for the following purposes (dollars in thousands):

	2025	2024
Distributions to BCM for Direct Charitable Services	\$ 15,580	\$ 13,642
Total	\$ 15,580	\$ 13,642

Net assets with donor-imposed restrictions that are perpetual in nature consisted of the following endowment fund assets to be held indefinitely (dollars in thousands):

	2025	2024
D.A. McFarland Trust	\$ 12,466	\$ 12,466
C.E. McFarland Trust	2,196	2,196
Andrew Stewart	369	369
Nippert	75	75
Total	\$ 15,106	\$ 15,106

Note 8. Releases of Net Assets With Donor Restrictions

Net assets were released from restrictions by incurring expenses satisfying the following restricted purposes (dollars in thousands):

Restrictions Accomplished	2025	2024
Distributions to BCM for Direct Charitable Services	\$ 1,310	\$ 1,188
Utilization of Endowment for Operating Expenses	4	-
Total	\$ 1,314	\$ 1,188

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Notes to Consolidated Financial Statements

Note 9. Leases

On July 22, 2016, BCM entered into a lease agreement for office space at 2222 Lakeshore Drive which expired on September 30, 2021 and was extended on month-to-month terms. During fiscal year 2025, the lease was terminated and BCM has vacated the office space. Rental expenses, including certain variable expenses, on this lease were approximately \$79,000 and \$72,000 during fiscal years 2025 and 2024, respectively.

Note 10. Retirement Plans

Since August 22, 1995, BCM has offered a qualified tax-deferred plan to eligible employees. Employer discretionary contributions for eligible employees are based on 5% of wages plus an additional 5% of wages in excess of the Social Security wage base. In addition, BCM makes matching contributions up to 75% of the first 4% of wages contributed by eligible employees on a salary reduction basis under Section 401(k) of the IRC. Fidelity Investments was appointed as the third-party administrator and trustee of the 401(k) Plan. Total employer contributions were approximately \$242,000 and \$228,000 in fiscal years 2025 and 2024, respectively.

Note 11. Functional Expense Allocation

The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Those expenses which cannot be specifically identified by function type are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are occupancy expenses, which are allocated to functions based upon headcount.

Note 12. Concentration of Credit Risk

The financial instruments that, potentially, subject BCM to a concentration of credit risk consist, primarily, of cash deposits and investments. BCM's policy is to maintain balances below the U.S. Federal Deposit Insurance Corporation limit. BCM maintains its cash accounts in one commercial bank. The amount on deposit at September 30, 2025 exceeded the insurance limits of the Federal Deposit Insurance Corporation by approximately \$693,000. BCM has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash. Investments are subject to market risk which may result in losses.

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Notes to Consolidated Financial Statements

Note 13. Fixed Assets, Net

At September 30, 2025 and 2024, fixed assets consisted of the following (dollars in thousands):

	2025		2024
Land	\$ 3,355	\$	3,355
Building	7,181		7,181
Equipment	370		371
Furniture and Fixtures	466		473
Less: Accumulated Depreciation	(757)		(455)
Fixed Assets, Net	\$ 10,615	\$	10,925

Depreciation expense totaled approximately \$325,000 and \$261,000 for the years ended September 30, 2025 and 2024, respectively.

Note 14. Endowments

BCM's endowments consist of four donor-restricted individual funds established for supporting operations/programs. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

In the past, BCM received contributions which were subject to specific restrictions which were imposed by the donors. BCM believes these contributions have been recorded in accordance with the documents governing these contributions. Additionally, BCM receives gifts, bequests, and contributions whose use is not restricted by the donor. The Board of Trustees of BCM has the ability to distribute such gifts as the Board, in its sole discretion, shall determine. As a result, all contributions not classified as with donor restrictions are classified as net assets without donor restrictions for financial statement purposes.

BAPTIST COMMUNITY MINISTRIES

Notes to Consolidated Financial Statements

Note 14. Endowments (Continued)

The *Not-for-Profit Entities* Topic of the FASB ASC provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). This Topic also requires additional disclosures about an organization's endowment funds.

The Board of Trustees has interpreted UPMIFA 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, BCM classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions is classified as net assets without donor restrictions until those amounts are appropriated for expenditure by BCM in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, BCM considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of BCM, and (7) BCM's investment policies.

Endowment Investment and Spending Policies: BCM has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long term. BCM's spending and investment policies work together to achieve this objective.

The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term return objective is five percent (5%) plus inflation, net of investment fees. Actual returns in any given year may vary from this amount. To satisfy its long-term rate of return objectives, BCM relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). BCM targets a diversified asset allocation that places an emphasis on equity-based and fixed income investments to achieve its long-term return objectives within prudent risk parameters. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

BAPTIST COMMUNITY MINISTRIES

Notes to Consolidated Financial Statements

Note 14. Endowments (Continued)

The spending policy calculates the amount of money annually distributed from BCM's various endowed funds. The current spending policy is to distribute an amount equal to 5% of the prior years' average of the fair market value of the endowment funds. Accordingly, over the long-term, BCM expects its current spending policy to allow its endowment assets to grow at the rate of inflation annually. This is consistent with BCM's objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through investment return.

Endowment net asset composition by type of fund as of September 30, 2025 and 2024 was as follows (dollars in thousands):

September 30, 2025	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Donor-Restricted Endowments	\$ -	\$ 30,686	\$ 30,686
Total	\$ -	\$ 30,686	\$ 30,686
September 30, 2024	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Donor-Restricted Endowments	\$ -	\$ 28,748	\$ 28,748
Total	\$ -	\$ 28,748	\$ 28,748

Changes in endowment net assets for the year ended September 30, 2025 are as follows (dollars in thousands):

September 30, 2025	Without Donor Restrictions	With Donor Restrictions	Endowment Assets
Endowment Net Assets, Beginning of Year	\$ -	\$ 28,748	\$ 28,748
Net Investment Return	-	3,252	3,252
Other Expenses	-	(4)	(4)
Distributions	-	(1,310)	(1,310)
Endowment Net Assets, End of Year	\$ -	\$ 30,686	\$ 30,686

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Notes to Consolidated Financial Statements

Note 14. Endowments (Continued)

Changes in endowment net assets for the year ended September 30, 2024 are as follows (dollars in thousands):

September 30, 2024	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Endowment Net Assets, Beginning of Year	\$ -	\$ 23,677	\$ 23,677
Net Investment Return	-	6,263	6,263
Other Expenses	-	(4)	(4)
Distributions	-	(1,188)	(1,188)
Endowment Net Assets, End of Year	\$ -	\$ 28,748	\$ 28,748

Note 15. Related-Party Transactions

Various board members of BCM also volunteer and serve as board members of other charitable organizations that may occasionally receive funding from BCM. Total funding provided to these organizations for the years ended September 30, 2025 and 2024 was approximately \$2,449,000 and \$1,235,000, respectively. As of September 30, 2025 and 2024, amounts payable related to these grants totaled approximately \$108,000 and \$79,000, respectively, and are included in grants payable on the consolidated statements of financial position.

Additionally, in July 2016, BCM entered into a lease agreement for office space with an organization that shares at least one board member with BCM. See Note 9 for further disclosure of the lease.

Note 16. Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, March 19, 2026 and determined that no events occurred that require disclosure. No further subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.