

**THE ETHICS AND RELIGIOUS LIBERTY COMMISSION  
OF THE SOUTHERN BAPTIST CONVENTION**

**Financial Statements and Supplemental Data**

**September 30, 2019 and 2018**

**(With Independent Auditors' Report Thereon)**

**LBMC**

**MAKE A GOOD  
BUSINESS BETTER**

**THE ETHICS AND RELIGIOUS LIBERTY COMMISSION  
OF THE SOUTHERN BAPTIST CONVENTION**

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## INDEPENDENT AUDITORS' REPORT

The Executive Committee  
The Ethics and Religious Liberty Commission of the Southern  
Baptist Convention

We have audited the accompanying financial statements of The Ethics and Religious Liberty Commission of the Southern Baptist Convention, which comprise the statements of financial position as of September 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Ethics and Religious Liberty Commission of the Southern Baptist Convention as of September 30, 2019 and 2018, 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.

### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Support, Revenue and Expenses - Compared to Budget and Contribution Receipts by State schedules, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information, except for that portion marked "unaudited", was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*LBMC, PC*

Brentwood, Tennessee  
November 13, 2019

**THE ETHICS AND RELIGIOUS LIBERTY COMMISSION  
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**Statements of Financial Position**

**September 30, 2019 and 2018**

**Assets**

	<u><b>2019</b></u>	<u><b>2018</b></u>
Cash and cash equivalents	\$ 650,077	\$ 647,194
Accounts receivable	42,583	100,982
Investments	1,069,445	1,016,113
Prepaid expenses and other assets	211,692	173,076
Property and equipment, net	<u>663,770</u>	<u>712,496</u>
	<u><b>\$ 2,637,567</b></u>	<u><b>\$ 2,649,861</b></u>

**Liabilities and Net Assets**

Accounts payable and accrued expenses	\$ 247,019	\$ 297,799
Deferred revenue	49,650	160,875
Postretirement benefit obligation	<u>436,865</u>	<u>456,342</u>
<b>Total liabilities</b>	<u><b>733,534</b></u>	<u><b>915,016</b></u>
<b>Net assets:</b>		
Without donor restrictions	1,704,672	1,622,193
With donor restrictions	<u>199,361</u>	<u>112,652</u>
<b>Total net assets</b>	<u><b>1,904,033</b></u>	<u><b>1,734,845</b></u>
	<u><b>\$ 2,637,567</b></u>	<u><b>\$ 2,649,861</b></u>

See accompanying notes to the financial statements.

**THE ETHICS AND RELIGIOUS LIBERTY COMMISSION  
OF THE SOUTHERN BAPTIST CONVENTION**

**Statements of Activities**

**Years ended September 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Changes in net assets without donor restrictions:</b>		
<b>Support and revenue:</b>		
<b>Southern Baptist Convention:</b>		
Cooperative Program	\$ 3,246,073	\$ 3,247,115
Contributions	12,806	17,123
Gifts, event receipts and other	737,729	1,030,511
Interest and investment income	41,289	2,541
Net assets released from restrictions	<u>455,701</u>	<u>70,969</u>
<b>Total support and revenue</b>	<u>4,493,598</u>	<u>4,368,259</u>
<b>Expenses</b>		
Program services expense	3,976,947	3,711,731
Supporting services expense - Management and general	<u>434,172</u>	<u>431,344</u>
<b>Total expenses</b>	<u>4,411,119</u>	<u>4,143,075</u>
<b>Change in net assets without donor restrictions</b>	<u>82,479</u>	<u>225,184</u>
<b>Changes in net assets with donor restrictions:</b>		
Gifts, event receipts and other	542,410	68,704
Net assets released from restrictions	<u>(455,701)</u>	<u>(70,969)</u>
<b>Change in net assets with donor restrictions</b>	<u>86,709</u>	<u>(2,265)</u>
<b>Change in net assets</b>	169,188	222,919
<b>Net assets at beginning of year</b>	<u>1,734,845</u>	<u>1,511,926</u>
<b>Net assets at end of year</b>	<u>\$ 1,904,033</u>	<u>\$ 1,734,845</u>

See accompanying notes to the financial statements.

**THE ETHICS AND RELIGIOUS LIBERTY COMMISSION  
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**Statements of Functional Expenses**

**Years ended September 30, 2019 and 2018**

	<u>2019</u>		
	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and benefits	\$ 2,334,995	\$ 230,207	\$ 2,565,202
Travel	307,130	3,536	310,666
Executive office	129,617	35,486	165,103
Business and finance	-	164,943	164,943
Events and strategic initiatives	493,085	-	493,085
Communications	163,445	-	163,445
Public policy and research	7,311	-	7,311
Designated expenses	476,080	-	476,080
Change in postretirement benefit, net	(19,477)	-	(19,477)
Depreciation	83,841	-	83,841
Loss on disposal of asset	<u>920</u>	<u>-</u>	<u>920</u>
<b>Total</b>	<b><u>\$ 3,976,947</u></b>	<b><u>\$ 434,172</u></b>	<b><u>\$ 4,411,119</u></b>

	<u>2018</u>		
	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and benefits	\$ 2,282,127	\$ 225,557	\$ 2,507,684
Travel	322,778	4,668	327,446
Executive office	72,051	32,020	104,071
Business and finance	-	169,099	169,099
Events and strategic initiatives	621,883	-	621,883
Communications	166,883	-	166,883
Public policy and research	15,746	-	15,746
Designated expenses	152,744	-	152,744
Change in postretirement benefit, net	(18,496)	-	(18,496)
Depreciation	94,289	-	94,289
Loss on disposal of asset	<u>1,726</u>	<u>-</u>	<u>1,726</u>
<b>Total</b>	<b><u>\$ 3,711,731</u></b>	<b><u>\$ 431,344</u></b>	<b><u>\$ 4,143,075</u></b>

See accompanying notes to the financial statements.

**THE ETHICS AND RELIGIOUS LIBERTY COMMISSION  
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**Statements of Cash Flows**

**Years ended September 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities:</b>		
Cooperative Program payments received	\$ 3,246,073	\$ 3,247,115
Southern Baptist Convention Designated receipts	12,806	17,123
Gifts, designated receipts and other	1,227,313	1,193,372
Interest and investment income	50,528	42,776
Payments to vendors	(2,101,633)	(1,870,096)
Payments to employees	<u>(2,334,518)</u>	<u>(2,154,005)</u>
Net cash provided by operating activities	<u>100,569</u>	<u>476,285</u>
<b>Cash flows from investing activities:</b>		
Purchases of investments, net	(62,571)	(34,984)
Purchases of property and equipment	<u>(35,115)</u>	<u>(102,332)</u>
Net cash used by investing activities	<u>(97,686)</u>	<u>(137,316)</u>
Increase in cash and cash equivalents	2,883	338,969
Cash and cash equivalents at beginning of year	<u>647,194</u>	<u>308,225</u>
Cash and cash equivalents at end of year	<u>\$ 650,077</u>	<u>\$ 647,194</u>

See accompanying notes to the financial statements.

**THE ETHICS AND RELIGIOUS LIBERTY COMMISSION  
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**Notes to the Financial Statements**

**September 30, 2019 and 2018**

**(1) Nature of activities**

The Ethics and Religious Liberty Commission of the Southern Baptist Convention (the "Commission") operates under the auspices of the Southern Baptist Convention ("SBC"). The Commission aims to assist Southern Baptists in applying Christian principles in their lives and to coordinate the impact of Southern Baptists concerning private and public moral concerns.

**(2) Summary of significant accounting policies**

**(a) Financial statement presentation**

The financial statements of the Commission have been prepared on the accrual basis.

**(b) Cash and cash equivalents**

Cash and cash equivalents consist primarily of cash on deposit and short-term marketable securities that are readily convertible into cash and purchased with original maturities of three months or less.

**(c) Accounts receivable**

Accounts receivable consist of expense refunds from events and sponsorship commitments for services performed. Late or interest charges on delinquent accounts are not recorded until collected. The carrying amount of accounts receivable is reduced by a valuation allowance, if necessary, which reflects management's best estimate of the amounts that will not be collected. The Commission's management has determined an allowance is unnecessary as of September 30, 2019 or 2018.

**(d) Investments**

Investments in marketable securities are valued at their fair values (as more fully discussed in Note 6) in the statements of financial position. Investment income shown in the statements of activities includes interest and realized and unrealized gains and losses. Investment income that is restricted by the donor is reported as increases in net assets without donor restrictions if the restrictions are met or expire in the year in which the investment income is recognized.

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**Notes to the Financial Statements**

**September 30, 2019 and 2018**

**(e) Property and equipment**

Property and equipment are reported at cost or, if contributed, at fair value on the date of receipt. It is the Commission's policy to capitalize expenditures for these items in excess of \$3,000. Depreciation is provided using the straight-line method, based on estimated service lives of 3 to 10 years for furniture and fixtures and 20 to 40 years for buildings and improvements. Leasehold improvements are amortized over the shorter of their estimated lives or the respective lease term. Expenditures for maintenance and repairs are charged to operations as incurred. Annual depreciation is charged to expense without donor restrictions.

**(f) Deferred revenue**

Deferred revenue represents deposits received from conference supporters for events scheduled to occur subsequent to year end.

**(g) Net assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Net Assets Without Donor Restrictions** – Net assets available for use in general operations and not subject to donor 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**(h) Realization of Long-lived assets**

Management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

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**Notes to the Financial Statements**

**September 30, 2019 and 2018**

**(i) Contributions**

The majority of the Commission's support is received from allocations from the SBC Cooperative Program. Funds are received on a weekly basis and are recognized as revenue when received from the Executive Committee of the SBC who allocates funds received from the state conventions and individual churches as part of the Cooperative Program.

The Commission reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**(j) Functional expenses**

The financial statements 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. The expenses that are allocated primarily relate to salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, insurance, and other expenses, which are allocated on the basis of estimates of time and effort.

**(k) Income taxes**

The Commission is exempt from federal, state and local income taxes under Internal Revenue Code section 501(c)(3) as a religious corporation and accordingly, no provision for income or excise tax has been recorded in the accompanying financial statements. The Commission is not classified as a private foundation. The Commission is not required to file Federal information returns.

A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The Commission has no uncertain tax positions that qualify for recognition or other disclosure in the financial statements.

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**Notes to the Financial Statements**

**September 30, 2019 and 2018**

**(l) Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts 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 period. Actual results could differ from those estimates.

**(m) New accounting pronouncements, not yet adopted**

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"). ASU 2014-09, along with subsequent amendments, supersedes most existing revenue recognition guidance and outlines a single comprehensive standard for revenue recognition across all industries. In addition, ASU 2014-09 requires expanded quantitative and qualitative disclosures, including disclosure about the nature, amount, timing and uncertainty of revenue. This standard is effective for fiscal years beginning after December 15, 2018 and will be adopted by the Commission for fiscal year 2020. The Commission continues to evaluate its population of revenue sources to assess the potential effects ASU 2014-09 will have on its financial statements and related disclosures; however, the Commission expects the primary impact to be in the form of additional financial statement disclosures.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08"). ASU No. 2018-08 is intended to clarify (1) when transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of contribution accounting guidance, or as exchange (reciprocal) transactions subject to other guidance, and (2) determining whether a contribution is conditional. ASU No. 2018-08 is effective for the Commission's fiscal year beginning October 1, 2019 for transactions in which the Commission serves as a resource recipient, and for its fiscal year beginning October 1, 2020, for transactions in which the Commission serves as a resource provider. Early adoption is permitted.

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**September 30, 2019 and 2018**

The FASB's new lease accounting standard, ASU No. 2016-02, *Leases*, which was issued in February 2016, will generally require on-balance sheet recognition for all leases with terms that exceed twelve months. The new lease accounting model will continue to reflect two types of leases. Under the new rules, a lessee would account for most existing capital leases as finance leases (that is, recognizing amortization of the right-of-use ("ROU") asset, as well as separately recognizing interest on the lease liability in the statement of operations). Most existing operating leases will remain as operating leases (that is, recognizing a single total lease expense). Both finance leases and operating leases will result in the lessee recognizing a ROU asset and a lease liability. The guidance is effective for the Commission beginning October 1, 2021. Management of the Commission is currently evaluating the impact adoption of ASU 2016-02 will have on its financial statements and disclosures.

**(n) Events occurring after reporting date**

Management of the Commission has evaluated events and transactions that occurred between September 30, 2019 and November 13, 2019, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

**(3) Liquidity and availability**

Financial assets available for general expenditures within one year of the statement of financial position date are as follows:

Cash and cash equivalents	\$ 450,712	\$ 534,542
Accounts receivable	42,583	100,982
Operating investments	<u>1,069,445</u>	<u>1,016,113</u>
	\$ <u>1,562,740</u>	\$ <u>1,651,637</u>

None of the above financial assets are subject to donor or other restrictions limiting their use. As part of the Commission's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**(4) Concentration of risks**

The Commission receives a substantial amount of its support from the SBC. A significant reduction in the level of this support, if this were to occur, may have a significant affect on the Commission's programs and activities.

The Commission maintains its cash and cash equivalents and investments in financial institutions and the Southern Baptist Foundation ("SBF") at balances which, at times, may be uninsured or may exceed federally insured limits. The Commission has not experienced any losses in such accounts. Credit risk also extends to uncollateralized receivables.

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**Notes to the Financial Statements**

**September 30, 2019 and 2018**

**(5) Funds held with the Southern Baptist Foundation**

The Commission maintains money market and investment accounts with the SBF. A summary of funds held by the SBF as of September 30, 2019 and 2018 are as follows:

	2019		
	<u>Market</u>	<u>Cost</u>	<u>Yield</u>
Operating Savings Fund	\$ 1,063	\$ 1,063	2.35 %
Contingency Reserve Fund	<u>1,069,445</u>	<u>1,069,445</u>	2.25 %
	<u>\$ 1,070,508</u>	<u>\$ 1,070,508</u>	
	2018		
	<u>Market</u>	<u>Cost</u>	<u>Yield</u>
Operating Savings Fund	\$ 36,568	\$ 36,568	1.73 %
Contingency Reserve Fund	<u>1,016,113</u>	<u>1,131,838</u>	3.60 %
	<u>\$ 1,052,681</u>	<u>\$ 1,168,406</u>	

Operating Savings Fund amounts represent money market accounts that are considered highly-liquid, short-term investments; accordingly, they are included in cash and cash equivalents in the accompanying statements of financial position.

**(6) Fair value measurements and investments**

Financial Accounting Standards Board Accounting Standards Codification ("ASC") 820, *Fair Value Measurement*, provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Commission has the ability to access.

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**Level 2 - Inputs to the valuation methodology include:**

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

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

**Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.**

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

The following is a description of the valuation methodologies used for asset and liability measurement at fair value. There have been no changes in the methodologies used at September 30, 2019 and 2018.

*Pooled funds held by SBF:* valued at the net asset value of shares held by the Commission as determined monthly by the SBF based on the quoted market prices of the underlying investments. The shares have no redemption restrictions. Such pooled funds consist primarily of flexible corporate and governmental bond holdings.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Commission's management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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**Notes to the Financial Statements**

**September 30, 2019 and 2018**

The following tables set forth, by level within the fair value hierarchy, the Commission's financial instruments at fair value as of September 30, 2019 and 2018:

**Fair Value Measurements as of  
September 30, 2019 using the following inputs**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Investments:</b>				
Pooled funds held by SBF	<u>1,069,445</u>	-	-	<u>1,069,445</u>
<b>Total investments</b>	<b>\$ <u>1,069,445</u></b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ <u>1,069,445</u></b>

**Fair Value Measurements as of  
September 30, 2018 using the following inputs**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Investments:</b>				
Pooled funds held by SBF	<u>\$ 1,016,113</u>	-	-	<u>\$ 1,016,113</u>
<b>Total investments</b>	<b>\$ <u>1,016,113</u></b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ <u>1,016,113</u></b>

**(7) Office facilities**

The Commission occupies office facilities on the 5th floor of the SBC Building at 901 Commerce Street in Nashville, TN for which no rent is charged to the Commission. Title is held by the Executive Committee of the SBC as "trustee for the beneficial use of the Ethics and Religious Liberty Commission of the Southern Baptist Convention" and for the other entities occupying the premises. The Commission has capitalized improvements to the facilities and recorded these as leasehold improvements (Note 8).

The Commission also owns a building for its Washington, D.C. office (Note 8).

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**Notes to the Financial Statements**

**September 30, 2019 and 2018**

**(8) Property and equipment**

A summary of property and equipment as of September 30, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Leasehold improvements	\$ 337,687	\$ 337,687
Buildings and improvements	955,730	955,730
Furniture and fixtures	<u>1,145,326</u>	<u>1,121,851</u>
	2,438,743	2,415,268
Less accumulated depreciation	<u>(1,774,973)</u>	<u>(1,702,772)</u>
	<u>\$ 663,770</u>	<u>\$ 712,496</u>

**(9) Retirement plans**

The Commission participates in the retirement program of GuideStone Financial Resources of the SBC. The plan is a 403(b)(9) defined contribution plan, not subject to the Employee Retirement Income Security Act of 1974 ("ERISA"), providing a contribution-matching program to its employees. Contributions to the plan for the years ended September 30, 2019 and 2018 were \$143,724 and \$140,411, respectively.

Under a separate program, the Commission also provides certain retirement gift and Christmas bonus benefits for all retired employees that meet certain eligibility requirements. The actuarial assumptions listed below relate to the liability associated with the program.

The status of the benefit obligations of the program at September 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
<b>Changes in benefit obligation:</b>		
Benefit obligation at beginning of year	\$ 456,342	\$ 474,838
Interest cost	17,514	18,259
Actual benefit disbursements to retirees	<u>(36,991)</u>	<u>(36,755)</u>
Benefit obligation at end of year	<u>\$ 436,865</u>	<u>\$ 456,342</u>
<b>Changes in plan assets:</b>		
Fair value of plan assets at beginning of year	\$ -	\$ -
Actual contributions from the Commission	36,991	36,755
Actual benefit disbursements to retirees	<u>(36,991)</u>	<u>(36,755)</u>
Fair value of plan assets at end of year	<u>\$ -</u>	<u>\$ -</u>

**THE ETHICS AND RELIGIOUS LIBERTY COMMISSION  
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**Notes to the Financial Statements**

**September 30, 2019 and 2018**

**Funded Status:**

Benefit obligation	\$ <u>436,865</u>	\$ <u>456,342</u>
Unfunded postretirement benefit obligation recognized in statements of financial position	\$ <u>436,865</u>	\$ <u>456,342</u>

Benefit payments, which include expected future service, as appropriate, are estimated at September 30, 2019 to be paid for the next ten years as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 37,000
2021	37,000
2022	37,000
2023	37,000
2024	37,000
2025 - 2029	177,000

The net periodic postretirement benefit costs recognized were determined using the weighted-average of assumed annual increases, for both 2019 and 2018, as follows:

	<u>2019</u>	<u>2018</u>
Healthcare costs	4.50%	5.00%
Future compensation levels	N/A	N/A
Discount rate	4.00%	4.00%

For measurement purposes, an annual rate of increase in the per capita cost of benefits (health care cost trend) was assumed to decrease 0.50% per year until reaching an ultimate level of 4.50, which occurred as of September 30, 2019. Future benefits under this program are expected to range between approximately \$81,000 and \$88,000 per year during the next three years.

For fiscal 2019 and 2018, actual benefit disbursements were funded from operations of the Commission.

**THE ETHICS AND RELIGIOUS LIBERTY COMMISSION  
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**Notes to the Financial Statements**

**September 30, 2019 and 2018**

**(10) Net assets with donor restrictions**

Net assets with donor restrictions are restricted for the following purposes as of September 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for a specific purpose:		
Psalm 139 Project	\$ 131,094	\$ 112,332
Stand for Life	27,936	-
International Efforts	320	320
Civility Project	33,255	-
Artificial Intelligence	<u>6,756</u>	<u>-</u>
	\$ <u>199,361</u>	\$ <u>112,652</u>

The Psalm 139 Project funds are for the purpose of helping provide sonogram machines to local pregnancy centers.

The Stand for Life funds are for the purpose of promoting the Stand for Life brand and messaging through ongoing work of the Commission in support of the Psalm 139 Project.

The International Effort funds are for the purpose of advancing international religious liberties.

The Civility Project funds are for the purpose of projects that engage in the socio-political arena.

The Sexual Abuse Task Force funds are for the purpose of the cooperative effort of the SBC toward addressing the sexual abuse crisis in the church.

The Artificial Intelligence funds are for the purpose of projects related to the ethics surrounding artificial intelligence and technology.

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**Notes to the Financial Statements**

**September 30, 2019 and 2018**

Net assets released from donor restrictions by incurring cost and expenses satisfying the restricted purpose or occurrence of the passage of time or other events specified by donors are as follows for the years ended September 30, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Satisfaction of purpose restrictions:		
Psalm 139 Project	\$ 111,216	\$ 70,824
Stand for Life	15,437	145
Civility Project	160,535	-
Sexual Abuse Task Force	151,269	-
Artificial Intelligence	<u>17,244</u>	<u>-</u>
	<u>\$ 455,701</u>	<u>\$ 70,969</u>

**(11) Related party transactions**

Substantial assistance is received from the SBC. The Commission is an independent organization, but acts under the auspices of the SBC. Total Cooperative Program contributions from the SBC were \$3,246,073 and \$3,247,115 in 2019 and 2018, respectively. Total Designation contributions from the SBC were \$12,806 and \$17,123 in 2019 and 2018, respectively.

**THE ETHICS AND RELIGIOUS LIBERTY COMMISSION  
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**Schedule of Support, Revenue and Expenses - Compared to Budget**

**Year ended September 30, 2019**

	<u>Budget</u> <u>(Unaudited)</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
<b>Operating Budget</b>			
<b>Support and revenue:</b>			
Cooperative program	\$ 3,281,185	\$ 3,246,073	\$ (35,112)
Designated receipts	207,000	118,823	(88,177)
Event related income	668,150	509,147	(159,003)
Other income	<u>182,250</u>	<u>142,009</u>	<u>(40,241)</u>
<b>Total operating support and revenue</b>	<u><b>4,338,585</b></u>	<u><b>4,016,052</b></u>	<u><b>(322,533)</b></u>
<b>Expenses:</b>			
Salaries and benefits	2,677,977	2,613,381	64,596
Travel	325,725	310,666	15,059
Executive office	212,227	165,103	47,124
Business and finance	177,561	164,943	12,618
Events & Strategic Initiatives	717,592	493,085	224,507
Communications	197,128	163,445	33,683
Public policy and research	<u>30,375</u>	<u>7,311</u>	<u>23,064</u>
<b>Total operating expenses</b>	<u><b>4,338,585</b></u>	<u><b>3,917,934</b></u>	<u><b>420,651</b></u>
<b>Net operating support and revenue</b>	<u><b>\$ -</b></u>	<u><b>98,118</b></u>	<u><b>\$ 98,118</b></u>
<b>Designated and other non-operating activity</b>			
<b>Support and revenue:</b>			
Other support		<u>564,255</u>	
<b>Total support and revenue</b>		<u><b>564,255</b></u>	
<b>Expenses:</b>			
Other		<u>476,080</u>	
<b>Total expenses</b>		<u><b>476,080</b></u>	
<b>Net designated and other non-operating activity</b>		<u><b>88,175</b></u>	
<b>Non-cash activity:</b>			
Change in postretirement benefit		19,477	
Depreciation and Loss on disposal		(84,761)	
Accrued vacation expense		<u>48,179</u>	
<b>Net non-cash activity</b>		<u><b>(17,105)</b></u>	
<b>Change in net assets</b>		<u><b>\$ 169,188</b></u>	

**THE ETHICS AND RELIGIOUS LIBERTY COMMISSION  
OF THE SOUTHERN BAPTIST CONVENTION**

**Schedule of Contribution Receipts by State**

**Year ended September 30, 2019**

Alabama	\$ 310,474
Alaska	2,577
Arizona	19,073
Arkansas	156,530
California	36,948
Colorado	10,734
Dakota	1,561
Florida	246,952
Georgia	266,884
Hawaii Pacific	4,042
Illinois	38,164
Indiana	13,406
Iowa	5,301
Kansas-Nebraska	13,263
Kentucky	162,782
Louisiana	112,828
Maryland-Delaware	27,830
Michigan	5,673
Minnesota-Wisconsin	3,846
Mississippi	203,257
Missouri	96,757
Montana	3,259
Nevada	10,286
New England	3,472
New Mexico	13,308
New York	3,692
North Carolina	191,750
Northwest	10,741
Ohio	34,317
Oklahoma	163,916
Pennsylvania-South Jersey	5,602
Puerto Rico/U.S. Virgin Islands	117
South Carolina	181,806
Tennessee	264,037
Texas-BGCT	168,439
Texas-SBTC	253,600
Utah-Idaho	3,493
Virginia-BGAV	13,581
Virginia-SBCV	76,243
West Virginia	8,624
Wyoming	1,797
Subtotal	<u>3,150,962</u>
Churches & Individuals	<u>95,111</u>
Total Cooperative Program Allocation	3,246,073
Total Designations	12,806
Total Contributions	<u><u>\$ 3,258,879</u></u>