



ASSOCIATION OF BAPTISTS FOR WORLD EVANGELISM, INC.
D/B/A ABWE INTERNATIONAL

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018





REPORT OF INDEPENDENT AUDITOR

The Board of Directors
Association of Baptists for World Evangelism, Inc. d/b/a ABWE International
New Cumberland, Pennsylvania

We have audited the accompanying consolidated financial statements of Association of Baptists for World Evangelism, Inc. d/b/a ABWE International ("ABWE"), which consist of the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to ABWE's preparation and fair presentation of the consolidated 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 ABWE'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Association of Baptists for World Evangelism, Inc. d/b/a ABWE International as of December 31, 2019 and 2018, the consolidated changes in its net assets and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplemental consolidating statements of financial position as of December 31, 2019 and 2018, and the related supplemental consolidating statements of activities for the years then ended are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Batts Morrison Wales & Lee, P.A.

BATTS MORRISON WALES & LEE, P.A.

Orlando, Florida
April 30, 2020

ASSOCIATION OF BAPTISTS FOR WORLD EVANGELISM, INC.
D/B/A ABWE INTERNATIONAL
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31,	
	2019	2018
ASSETS		
Cash and cash equivalents	\$ 3,338,951	\$ 3,599,317
Cash designated for health insurance reserves	870,250	64,498
Investments	37,364,178	33,533,269
Investments held in trust	4,055,644	3,614,829
Beneficial interest in trust	2,243,422	1,859,216
Other assets	1,284,860	1,538,852
Property and equipment, net	7,781,405	7,831,266
Total assets	\$ 56,938,710	\$ 52,041,247

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 2,512,178	\$ 2,320,563
Amounts held for others	91,972	100,653
Net pension obligation	18,372,230	18,421,818
Trust liabilities	3,334,784	3,103,884
Annuities payable	1,849,358	1,954,978
Total liabilities	26,160,522	25,901,896

NET ASSETS

Without donor restrictions		
Undesignated	5,251,205	1,736,834
Designated		
Deficit associated with net pension obligation	(18,372,230)	(18,421,818)
Funds held in missionary accounts	22,320,887	22,113,191
Donor-advised funds	565,409	644,748
Health insurance reserves	870,250	64,498
Investment in property and equipment	7,781,405	7,831,266
Total designated	13,165,721	12,231,885
Total without donor restrictions	18,416,926	13,968,719
With donor restrictions	12,361,262	12,170,632
Total net assets	30,778,188	26,139,351
Total liabilities and net assets	\$ 56,938,710	\$ 52,041,247

The Accompanying Notes are an Integral
Part of These Consolidated Financial Statements

ASSOCIATION OF BAPTISTS FOR WORLD EVANGELISM, INC.
D/B/A ABWE INTERNATIONAL
CONSOLIDATED STATEMENTS OF ACTIVITIES

	For The Year Ended December 31,	
	2019	2018
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Public support and revenue		
Contributions	\$ 44,113,123	\$ 42,034,542
Investment income (loss), net	5,283,777	(534,679)
Other income	1,209,585	1,031,643
Change in value of trusts and charitable gift annuities	(16,898)	(180,936)
Total public support and revenue	50,589,587	42,350,570
Net assets released from restrictions	4,937,625	4,112,264
Total public support and revenue and net assets released from restrictions	55,527,212	46,462,834
Expenses		
Program activities	43,175,884	41,166,558
Supporting activities		
Management and general	5,810,487	5,677,070
Fundraising	3,225,225	3,014,436
Total supporting activities	9,035,712	8,691,506
Total expenses	52,211,596	49,858,064
Change in net assets without donor restrictions before pension liability adjustment	3,315,616	(3,395,230)
Pension liability adjustment	1,132,591	3,506,263
Change in net assets without donor restrictions	4,448,207	111,033
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	4,519,830	5,470,311
Change in beneficial interest in trust	384,206	(152,694)
Investment income (loss), net	224,762	(61,936)
Change in value of trusts and charitable gift annuities	(543)	(143,236)
Net assets released from restrictions	(4,937,625)	(4,112,264)
Change in net assets with donor restrictions	190,630	1,000,181
CHANGE IN NET ASSETS	4,638,837	1,111,214
NET ASSETS - Beginning of year	26,139,351	25,028,137
NET ASSETS - End of year	\$ 30,778,188	\$ 26,139,351

The Accompanying Notes are an Integral
Part of These Consolidated Financial Statements

ASSOCIATION OF BAPTISTS FOR WORLD EVANGELISM, INC.
D/B/A ABWE INTERNATIONAL
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For The Year Ended December 31,	
	2019	2018
OPERATING CASH FLOWS		
Cash received from contributors	\$ 48,632,953	\$ 47,504,853
Other income received	1,209,585	1,031,643
Investment income	559,603	502,584
Cash paid for operating activities and costs	(50,175,098)	(48,092,565)
Net operating cash flows	227,043	946,515
INVESTING CASH FLOWS		
Proceeds from net sales of investments	1,118,027	1,511,576
Purchases of and improvements to property and equipment	(799,684)	(818,295)
Net investing cash flows	318,343	693,281
NET CHANGE IN CASH, CASH EQUIVALENTS, AND DESIGNATED CASH	545,386	1,639,796
CASH, CASH EQUIVALENTS, AND DESIGNATED CASH - Beginning of year	3,663,815	2,024,019
CASH, CASH EQUIVALENTS, AND DESIGNATED CASH - End of year	\$ 4,209,201	\$ 3,663,815
REPORTED IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS FOLLOWS		
Cash and cash equivalents	\$ 3,338,951	\$ 3,599,317
Cash designated for health insurance reserves	870,250	64,498
Total cash, cash equivalents, and designated cash	\$ 4,209,201	\$ 3,663,815

The Accompanying Notes are an Integral
Part of These Consolidated Financial Statements

ASSOCIATION OF BAPTISTS FOR WORLD EVANGELISM, INC.

D/B/A ABWE INTERNATIONAL

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended December 31, 2019

	Supporting activities			Total supporting activities	Total expenses
	Program activities	Management and general	Fundraising		
Wages and benefits	\$ 25,212,200	\$ 2,863,476	\$ 2,373,868	\$ 5,237,344	\$ 30,449,544
General ministry expense	5,559,425	123,284	183,925	307,209	5,866,634
Travel expenses	3,166,900	624,768	319,136	943,904	4,110,804
Grants	3,615,379	121,190	95,272	216,462	3,831,841
Office expense and supplies	1,866,123	922,262	165,023	1,087,285	2,953,408
Non-capitalized project expenditures	1,918,508	4,115	6,002	10,117	1,928,625
Vehicles and aircraft	1,134,634	—	37,953	37,953	1,172,587
Facilities management	431,385	533,422	10,769	544,191	975,576
Professional fees	202,837	397,097	24,742	421,839	624,676
Service fees	716	208,993	17	209,010	209,726
Public relations expense	67,777	11,880	8,518	20,398	88,175
Total	\$ 43,175,884	\$ 5,810,487	\$ 3,225,225	\$ 9,035,712	\$ 52,211,596

The Accompanying Notes are an Integral
Part of These Consolidated Financial Statements

ASSOCIATION OF BAPTISTS FOR WORLD EVANGELISM, INC.
D/B/A ABWE INTERNATIONAL
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2018

	Supporting activities			Total supporting activities	Total expenses
	Program activities	Management and general	Fundraising		
Wages and benefits	\$ 25,207,941	\$ 3,086,195	\$ 2,217,283	\$ 5,303,478	\$ 30,511,419
General ministry expense	5,193,837	234,734	165,103	399,837	5,593,674
Travel expenses	2,761,058	421,964	263,944	685,908	3,446,966
Grants	3,248,742	69,590	107,145	176,735	3,425,477
Office expense and supplies	1,617,200	712,299	131,400	843,699	2,460,899
Non-capitalized project expenditures	1,371,972	5,416	3,765	9,181	1,381,153
Vehicles and aircraft	909,779	—	90,029	90,029	999,808
Facilities management	558,564	407,971	19,709	427,680	986,244
Professional fees	219,705	513,942	10,451	524,393	744,098
Service fees	8,025	205,897	272	206,169	214,194
Public relations expense	69,735	19,062	5,335	24,397	94,132
Total	<u>\$ 41,166,558</u>	<u>\$ 5,677,070</u>	<u>\$ 3,014,436</u>	<u>\$ 8,691,506</u>	<u>\$ 49,858,064</u>

The Accompanying Notes are an Integral
Part of These Consolidated Financial Statements

ASSOCIATION OF BAPTISTS FOR WORLD EVANGELISM, INC.
D/B/A ABWE INTERNATIONAL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A – NATURE OF ACTIVITIES

Association of Baptists for World Evangelism, Inc. d/b/a ABWE International (“ABWE”) is a not-for-profit New Jersey corporation established in 1971 to operate exclusively as a worldwide Christian missionary organization in the proclamation and spread of the gospel of the Lord Jesus Christ, as revealed in God’s Word, the Bible, and to engage in such other religious, charitable, and educational activities as shall be necessary, incidental, or appropriate to the foregoing, including but not limited to evangelism, teaching, medical services, and assisting in the establishment of indigenous and autonomous Baptist churches.

ABWE includes the activities that were previously conducted by ABWE Ministries, Inc., ABWE International, Inc., and Association of Baptists for World Evangelism, Inc. d/b/a ABWE North America. Effective January 1, 2018, ABWE Ministries, Inc., ABWE International, Inc., and Association of Baptists for World Evangelism, Inc., merged, with Association of Baptists for World Evangelism, Inc. d/b/a ABWE International continuing as the surviving corporation. Also effective January 1, 2018, Association of Baptists for World Evangelism, Inc. d/b/a ABWE International became the trustee and plan sponsor of the ABWE Missionary Retirement Plan and the ABWE Staff Retirement Plan (“the Retirement Plans”).

In conformity with accounting principles generally accepted in the United States of America (“GAAP”), the consolidated financial statements of ABWE include the accounts of the following organizations, which are separate legal entities. All significant inter-organization accounts and transactions have been eliminated in consolidation.

- ABWE Foundation, LLC (“the Foundation”) is a Pennsylvania limited liability company whose purpose is to solicit, hold, invest, and administer funds for the benefit of ABWE. The activities of the Foundation were previously conducted by ABWE Foundation, Inc. Effective January 1, 2018, ABWE Foundation, Inc. was converted to a Pennsylvania limited liability company with Association of Baptists for World Evangelism, Inc. d/b/a ABWE International becoming the sole member.
- Global Neighbors, LLC (“Global Neighbors”) is a Pennsylvania limited liability company that supports ABWE by employing missionaries serving in certain foreign countries. The activities of Global Neighbors were previously conducted by Global Neighbors, Inc. Effective January 1, 2018, Global Neighbors, Inc. was converted to a Pennsylvania limited liability company with Association of Baptists for World Evangelism, Inc. d/b/a ABWE International becoming the sole member.

References to “ABWE” in these footnotes include each of the organizations described above.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue and support

ABWE recognizes cash contributions as revenue when the contributions are received by ABWE. Contributions are recorded as without or with donor restrictions, depending on the existence and/or nature of any donor restrictions or time restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as “net assets released from restrictions.”

All contributions are received as donations to ABWE and not to specific individuals. Contributions which donors request to be used to support the ministry activities of specific missionaries are under the full control of ABWE. ABWE accounts for such contributions as board designated until they are expended for appropriate ministry purposes.

Cash and cash equivalents

Investments purchased or donated with original maturities of three months or less are considered to be cash equivalents.

ASSOCIATION OF BAPTISTS FOR WORLD EVANGELISM, INC.

D/B/A ABWE INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash designated for health insurance reserves

Cash designated for health insurance reserves includes cash set aside for future claims related to self-funded components of ABWE's health insurance plans.

Split-interest gifts

For irrevocable split-interest arrangements such as charitable gift annuities, charitable remainder trusts, and similar arrangements in which the Foundation is a trustee or custodian, the assets of such arrangements are reflected in the consolidated financial statements as further described in Note E. The carrying values of such investments conform to GAAP, which generally require that investment securities be carried at estimated fair value at all times and that other assets be carried at the estimated fair value of the assets on the date the assets are contributed, unadjusted for subsequent changes in value. Also, for arrangements in which the Foundation is a trustee or custodian, a liability is recognized for the estimated present value of benefits payable to other beneficiaries. For split-interest arrangements in which the Foundation is not the trustee or custodian, the Foundation recognizes an asset for the estimated present value of the Foundation's benefits under the arrangements. For all irrevocable split-interest arrangements, regardless of whether or not the Foundation acts as trustee or custodian, contribution revenue without or with donor restrictions is recognized for the estimated present value of the Foundation's benefits under each such arrangement in the year the arrangement is established or in the year in which the Foundation is provided sufficient information about the existence and nature of the arrangement. Periodic adjustments are made for changes in estimated present values using applicable mortality tables and appropriate discount rates. State law imposes certain restrictions on the manner in which charitable gift annuity assets may be invested.

Property and equipment

Property and equipment are stated at cost, if purchased, or estimated fair value on the date of donation, if donated. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

Donor-advised funds

The Foundation administers various donor-advised funds. Donor gifts to such funds are made irrevocably with the understanding that while the donor retains an advisory role in the distribution of funds, the Foundation retains ultimate control over the use of the funds. Accordingly, such gifts are reflected as contributions without donor restrictions and designated net assets in the accompanying consolidated financial statements.

Net assets

Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. From time to time, the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. The Board has designated a portion of net assets without donor restrictions for missionary accounts, donor-advised funds, health insurance reserves, and investment in property and equipment. Net assets with donor restrictions consist of amounts with uses limited by donor-imposed time and/or purpose restrictions.

Functional allocation of expenses

The consolidated statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Indirect costs that benefit multiple functional areas are allocated among the various functional areas based primarily on employee time.

Income taxes

Association of Baptists for World Evangelism, Inc. d/b/a ABWE International is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code and from state income tax pursuant to state law and is further classified as a public charity and not a private foundation for federal tax purposes. The Foundation and Global Neighbors are considered disregarded entities for income tax purposes. None of the organizations have incurred unrelated business income taxes. As a result, no income tax provision or liability has been provided for in the accompanying consolidated financial statements.

ASSOCIATION OF BAPTISTS FOR WORLD EVANGELISM, INC.
D/B/A ABWE INTERNATIONAL
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently adopted accounting pronouncement

Financial Accounting Standards Board Accounting Standards Update (“ASU 2016-18”), Statement of Cash Flows (Topic 230): Restricted Cash is effective for ABWE’s consolidated financial statements for the year ended December 31, 2019. ASU 2016-18 requires that amounts described as restricted cash or restricted cash equivalents (including cash designated by the Board for long-term purposes) be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total cash amounts shown on the consolidated statements of cash flows. The adoption of ASU 2016-18 had no effect on ABWE’s consolidated net assets as of January 1, 2018 or the consolidated change in net assets presented for 2018. As required by applicable guidance, ABWE has retrospectively applied the provisions of ASU 2016-18 to the 2018 consolidated statement of cash flows.

Financial Accounting Standards Board Accounting Standards Update (“ASU 2017-07”), Compensation – Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost is effective for ABWE’s consolidated financial statements for the year ended December 31, 2019. ASU 2017-07 requires that an employer report the service cost component separately from the other components of net benefit cost in the consolidated statements of activities. The adoption of ASU 2017-07 had no effect on ABWE’s consolidated net assets as of January 1, 2018 or the consolidated change in net assets presented for 2018. As required by applicable guidance, ABWE has retrospectively applied the provisions of ASU 2017-07 to the 2018 consolidated statement of activities.

Use of estimates

Management uses estimates and assumptions in preparing consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these consolidated financial statements include those used in estimating the fair value of investments, the useful lives of property and equipment, the accrued pension liability, and the liabilities for trusts and annuities. Actual results could differ from the estimates.

Reclassifications

Certain amounts included in the 2018 consolidated financial statements have been reclassified to conform to classifications adopted during 2019. The reclassifications had no material effect on the accompanying consolidated financial statements.

NOTE C – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure within one year of the date of the consolidated statements of financial position are as follows:

	<u>December 31,</u>	
	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 3,338,951	\$ 3,599,317
Cash designated for health insurance reserves	870,250	64,498
Investments	37,364,178	33,533,269
Investments held in trust	<u>4,055,644</u>	<u>3,614,829</u>
Total financial assets available within one year	45,629,023	40,811,913

ASSOCIATION OF BAPTISTS FOR WORLD EVANGELISM, INC.
D/B/A ABWE INTERNATIONAL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE C – LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

	December 31,	
	2019	2018
Less amounts unavailable for general expenditures within one year due to:		
Donor-imposed restrictions	\$ (9,371,978)	\$ (9,775,471)
Amounts held to satisfy charitable gift annuity obligations	(4,272,770)	(3,968,760)
Amounts held as trustee for revocable and irrevocable trusts	(4,055,644)	(3,614,829)
Board-designations	(1,435,659)	(709,246)
Net financial assets available within one year	\$ 26,492,972	\$ 22,743,607

ABWE is primarily supported by contributions. As part of ABWE’s liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Board of Directors has designated certain amounts for donor-advised funds and health insurance reserves. Because of the designations, those amounts are not available for general expenditures within one year; however, the Board of Directors could make them available, if necessary. The Board has designated certain amounts for missionary accounts which are available for general expenditure within the next year.

ABWE has certain donor restricted net assets limited to use for donor-restricted purposes. Because a donor’s restriction requires resources to be used in a specific manner or in a future period, ABWE must maintain sufficient resources to meet its responsibilities to its donors. Thus, those financial assets may not be available for general expenditures within one year of December 31, 2019 and 2018, and are excluded from net financial assets available to meet general expenditures within one year. Management believes ABWE has sufficient investments available for general operations that may be drawn upon in the event of an unanticipated financial distress or an immediate liquidity need.

NOTE D – CONCENTRATION OF CREDIT RISK

ABWE maintains its cash and cash equivalents in deposit accounts which may not be federally insured, may exceed federally insured limits, or may be insured by an entity other than an agency of the federal government. ABWE has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

NOTE E – INVESTMENTS

ABWE holds investments of various types both as trustee or custodian and as owner. Investments are carried at estimated fair value. Investments were held for the following purposes or activities:

	December 31,	
	2019	2018
<u>Investments held as trustee or in a similar capacity</u>		
• Investments held to satisfy charitable gift annuity obligations	\$ 4,272,770	\$ 3,968,760
• Investments held as trustee for irrevocable trusts	2,781,584	2,053,805
• Investments held as trustee for revocable trusts	1,274,060	1,561,024
<u>Investments held for other purposes</u>		
• Investments held for general operations	23,154,021	19,144,290
• Investments held for donor restricted purposes	9,371,978	9,775,471
• Investments held for donor-advised funds	565,409	644,748
Total investments	\$ 41,419,822	\$ 37,148,098

ASSOCIATION OF BAPTISTS FOR WORLD EVANGELISM, INC.
D/B/A ABWE INTERNATIONAL
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE E - INVESTMENTS (Continued)

Investments (including investments held in trust) consisted of the following:

Category	December 31,	
	2019	2018
Money market and similar funds	\$ 1,477,960	\$ 1,002,568
Mutual funds	13,355,072	11,955,392
Common and preferred stocks	14,807,184	11,446,882
Government securities	8,627,401	9,318,530
Corporate bonds	1,645,213	1,736,100
Debt securities	839,622	974,041
Nonpublicly traded investments	667,370	714,585
Total investments	\$ 41,419,822	\$ 37,148,098

NOTE F - INVESTMENTS HELD IN TRUST

Investments held in trust were for the following purposes:

Category	December 31,	
	2019	2018
Investments held for irrevocable trusts	\$ 2,781,584	\$ 2,053,805
Investments held for revocable trusts	1,274,060	1,561,024
Total investments held in trust	\$ 4,055,644	\$ 3,614,829

Liabilities and net assets held in trust consisted of the following:

Category	December 31,	
	2019	2018
Irrevocable charitable beneficiary liabilities	\$ 2,060,724	\$ 1,542,860
Revocable charitable beneficiary liabilities	1,274,060	1,561,024
Total liabilities	3,334,784	3,103,884
Net assets with donor restrictions for irrevocable charitable remainder trusts	720,860	510,945
Total investments held in trust	\$ 4,055,644	\$ 3,614,829

NOTE G - FAIR VALUE MEASUREMENTS

GAAP defines fair value for an investment generally as the price an organization would receive upon selling the investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. The information available to measure fair value varies depending on the nature of each investment and its market or markets. Accordingly, GAAP recognizes a hierarchy of "inputs" an organization may use in determining or estimating fair value. The inputs are categorized into "levels" that relate to the extent to which an input is objectively observable and the extent to which markets exist for identical or comparable investments.

ASSOCIATION OF BAPTISTS FOR WORLD EVANGELISM, INC.

D/B/A ABWE INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE G – FAIR VALUE MEASUREMENTS (Continued)

In determining or estimating fair value, an organization is required to maximize the use of observable market data (to the extent available) and minimize the use of unobservable inputs. The hierarchy assigns the highest priority to unadjusted quoted prices in active markets for identical items (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Following is a description of each of the three levels of input within the fair value hierarchy:

Level 1 – Unadjusted quoted market prices in active markets for identical items

Level 2 – Other significant observable inputs, such as quoted prices for similar items. Liabilities for trusts and annuities are based on estimated present value, applying certain assumptions regarding interest rates and life expectancies.

Level 3 – Significant unobservable inputs

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.

The estimated fair value of certain assets (liabilities) measured on a recurring basis at December 31, 2019 are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 13,355,072	\$ 13,355,072	\$ —	\$ —
Common and preferred stock	14,807,184	14,807,184	—	—
Government securities	8,627,401	8,627,401	—	—
Corporate bonds	1,645,213	1,645,213	—	—
Debt securities	839,622	839,622	—	—
Nonpublicly traded investments	667,370	—	—	667,370
Beneficial interest in trust	<u>2,243,422</u>	<u>—</u>	<u>—</u>	<u>2,243,422</u>
Total	<u>\$ 42,185,284</u>	<u>\$ 39,274,492</u>	<u>\$ —</u>	<u>\$ 2,910,792</u>
Liabilities for trusts	\$ (3,334,784)	\$ —	\$ (3,334,784)	\$ —
Liabilities for gift annuities	<u>(1,849,358)</u>	<u>—</u>	<u>(1,849,358)</u>	<u>—</u>
Total	<u>\$ (5,184,142)</u>	<u>\$ —</u>	<u>\$ (5,184,142)</u>	<u>\$ —</u>

The estimated fair value of certain assets (liabilities) measured on a recurring basis at December 31, 2018 are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 11,955,392	\$ 11,955,392	\$ —	\$ —
Common and preferred stock	11,446,882	11,446,882	—	—
Government securities	9,318,530	9,318,530	—	—
Corporate bonds	1,736,100	1,736,100	—	—
Debt securities	974,041	974,041	—	—
Nonpublicly traded investments	714,585	—	—	714,585
Beneficial interest in trust	<u>1,859,216</u>	<u>—</u>	<u>—</u>	<u>1,859,216</u>
Total	<u>\$ 38,004,746</u>	<u>\$ 35,430,945</u>	<u>\$ —</u>	<u>\$ 2,573,801</u>

ASSOCIATION OF BAPTISTS FOR WORLD EVANGELISM, INC.
D/B/A ABWE INTERNATIONAL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE G – FAIR VALUE MEASUREMENTS (Continued)

	Total	Level 1	Level 2	Level 3
Liabilities for trusts	\$ (3,103,884)	\$ —	\$ (3,103,884)	\$ —
Liabilities for gift annuities	(1,954,978)	—	(1,954,978)	—
Total	\$ (5,058,862)	\$ —	\$ (5,058,862)	\$ —

Investments in nonpublicly traded investments consist primarily of an interest in a limited partnership, the estimated fair value of which is based on an amount provided by the investee. The estimated fair value of the beneficial interest in trust is based on an amount provided by a certain bank and considers life expectancy tables and other relevant factors. The activity for Level 3 assets during 2019 and 2018 was immaterial.

NOTE H – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

Category	December 31,	
	2019	2018
Land	\$ 3,047,990	\$ 3,047,990
Buildings and building improvements	6,341,716	6,341,716
Vehicles	4,663,210	4,199,905
Furniture and equipment	2,166,103	2,166,103
Total property and equipment	16,219,019	15,755,714
Less: Accumulated depreciation	(8,437,614)	(7,924,448)
Net property and equipment	\$ 7,781,405	\$ 7,831,266

Depreciation expense was approximately \$850,000 and \$743,000 during 2019 and 2018, respectively.

In connection with its activities, ABWE maintains certain property in foreign countries. ABWE has estimated the historical cost of certain of these properties based upon the property assessments of foreign governments and other information available to management. As of December 31, 2019 and 2018, ABWE held property in foreign countries with carrying values (net of accumulated depreciation) of approximately \$1,157,000 and \$1,161,000, respectively. In addition, at December 31, 2019 and 2018, ABWE missionaries located throughout the world held for the benefit of ABWE vehicles and equipment with carrying values (net of accumulated depreciation) of approximately \$1,520,000 and \$1,341,000, respectively.

ABWE may have interests in other assets, particularly real estate, in foreign jurisdictions that are not reflected in the accompanying consolidated statements of financial position due to political instability in the foreign jurisdiction and/or the lack of documentation clearly indicating ABWE's rights in the property, if any. Upon receipt of further documentation supporting the existence, ownership, and valuation of such properties, ABWE may recognize an asset related to its rights in these properties in future years.

NOTE I – DEFINED BENEFIT PLANS

ABWE is the trustee and plan sponsor for the following defined benefit pension plans:

ABWE Missionary Retirement Plan – A noncontributory defined benefit pension plan maintained for the benefit of full-term missionaries who meet certain eligibility requirements. Benefits, which are normally payable upon the attainment of age 65, are based on qualifying years of service and marital status.

ASSOCIATION OF BAPTISTS FOR WORLD EVANGELISM, INC.

D/B/A ABWE INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE I – DEFINED BENEFIT PLANS (Continued)

ABWE Staff Retirement Plan – A noncontributory defined benefit pension plan maintained for the benefit of staff employees with five or more years of credited service. Benefits, which are normally payable upon the attainment of age 65, are based on a certain percentage of average monthly compensation.

The following information is presented for the plans on a consolidated basis.

	<u>2019</u>	<u>2018</u>
Change in benefit obligation		
Benefit obligation, January 1	\$ 53,347,247	\$ 57,395,036
Service cost	1,083,003	1,209,040
Interest cost	2,149,511	1,885,452
Benefits paid	(3,178,496)	(2,611,473)
Change in discount rate assumption	5,746,274	(4,513,349)
Change in other economic assumptions	(177,229)	—
Change in demographic assumptions	(1,785,564)	(623,833)
Actuarial loss	<u>533,385</u>	<u>606,374</u>
Benefit obligation, December 31	<u>57,718,131</u>	<u>53,347,247</u>
Change in plan assets:		
Estimated fair value of plan assets, January 1	34,925,429	36,675,995
Employer contributions	1,289,914	1,296,792
Benefits paid	(3,178,496)	(2,611,473)
Net gain (loss) on plan assets	<u>6,309,054</u>	<u>(435,885)</u>
Estimated fair value of plan assets, December 31	<u>39,345,901</u>	<u>34,925,429</u>
Unfunded status (liability)	<u><u>\$(18,372,230)</u></u>	<u><u>\$(18,421,818)</u></u>
Components of net periodic benefit cost:		
Service cost	\$ 1,083,003	\$ 1,209,040
Interest cost	2,149,511	1,885,452
Expected return on plan assets	(2,330,132)	(2,443,031)
Amortization of unrecognized prior service cost	(123,175)	(123,175)
Amortization of unrecognized loss	<u>1,187,115</u>	<u>1,790,418</u>
Total net periodic benefit cost recognized	<u><u>\$ 1,966,322</u></u>	<u><u>\$ 2,318,704</u></u>

Following are the weighted average assumptions and additional information related to the pension plans:

	<u>2019</u>	<u>2018</u>
<i>Weighted-average assumptions</i>		
Discount rate for ABWE Missionary Retirement Plan	3.09%	4.12%
Discount rate for ABWE Staff Retirement Plan	3.06%	4.11%
Expected return on plan assets	7.00%	7.00%
Rate of compensation increase (for ABWE Staff Retirement Plan only)	2.50%	2.50%
Average remaining service in years for ABWE Missionary Retirement Plan	6.7	6.6
Average remaining service in years for ABWE Staff Retirement Plan	6.9	7.0

ASSOCIATION OF BAPTISTS FOR WORLD EVANGELISM, INC.
D/B/A ABWE INTERNATIONAL
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE I – DEFINED BENEFIT PLANS (Continued)

Selection of assumptions

The selection of the discount rate assumption reflects an estimate made based on the rates of return on high-quality fixed-income investments currently available and expected to be available during the period to maturity of the pension benefits.

The selection of the expected return on plan assets reflects an estimate from within a reasonable range, based on future long-term asset growth expectations and acknowledging recent return experience.

The selection of the rate of compensation increase for the staff retirement plan reflects an estimate from within a reasonable range, based on both recent salary increases and future expectations.

Expected employer contributions for the year ending December 31, 2020 are approximately \$1,215,000.

During 2019 and 2018, ABWE made contributions totaling approximately \$1,290,000 and \$1,297,000 to the plans, respectively.

Approximate projected benefit payments for the years ending December 31 are as follows:

2020	\$ 4,896,000
2021	\$ 4,113,000
2022	\$ 3,924,000
2023	\$ 3,911,000
2024	\$ 3,895,000
2025 – 2029	\$ 18,187,000

The estimated fair value of plan assets consisted of the following:

Category	December 31,	
	2019	2018
Cash and equivalents	\$ 618,073	\$ 382,236
Equity securities (including mutual funds)	21,002,822	22,916,733
Fixed income securities (including fixed income mutual funds)	<u>17,725,006</u>	<u>11,626,460</u>
Total	<u>\$ 39,345,901</u>	<u>\$ 34,925,429</u>

Assets of the Foundation’s defined benefit plans are invested in portfolios that are designed to generate returns sufficient to meet obligations to beneficiaries at acceptable levels of risk. For fair value measurement purposes, the plan assets are considered to fall within Level 1 of the fair value hierarchy.

In 2019, ABWE implemented the provisions of FASB ASU 2017-07 which require that an employer report the service cost component separately from the other components of net benefit cost. The service cost component is reported in the same lines of the consolidated statements of activities as other compensation costs arising from services rendered by the pertinent employees during the period, and allocated between program, management and general, and fundraising activities accordingly. The other components of net benefit cost and other changes in the pension liability are reported as “pension liability adjustment” in the consolidated statements of activities. The consolidated statement of activities amounts for 2018 have been reclassified to give retroactive effect to the adoption of ASU 2017-07 (with no effect on previously-reported change in consolidated net assets).

ASSOCIATION OF BAPTISTS FOR WORLD EVANGELISM, INC.
D/B/A ABWE INTERNATIONAL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE I – DEFINED BENEFIT PLANS (Continued)

Service costs are included in the consolidated statements of activities as follows:

<u>Category</u>	<u>2019</u>	<u>2018</u>
Program activities	\$ 896,725	\$ 998,885
Management and general	101,846	122,293
Fundraising	<u>84,432</u>	<u>87,862</u>
Total service costs	<u>\$ 1,083,003</u>	<u>\$ 1,209,040</u>

NOTE J – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were for the following purposes during the year ended December 31, 2019:

	<u>Balance January 1, 2019</u>	<u>Contributions and other</u>	<u>Releases</u>	<u>Balance December 31, 2019</u>
Missionary projects	\$ 9,669,640	\$ 4,519,830	\$ (4,937,625)	\$ 9,251,845
Beneficial interest in trust	1,859,216	384,206	—	2,243,422
Irrevocable charitable remainder trusts	510,945	209,915	—	720,860
Funds held for retired missionary	105,831	14,304	—	120,135
Endowment for cemetery maintenance	<u>25,000</u>	<u>—</u>	<u>—</u>	<u>25,000</u>
Total	<u>\$ 12,170,632</u>	<u>\$ 5,128,255</u>	<u>\$ (4,937,625)</u>	<u>\$ 12,361,262</u>

Net assets with donor restrictions were for the following purposes during the year ended December 31, 2018:

	<u>Balance January 1, 2018</u>	<u>Contributions and other</u>	<u>Releases</u>	<u>Balance December 31, 2018</u>
Missionary projects	\$ 8,311,593	\$ 5,470,311	\$ (4,112,264)	\$ 9,669,640
Beneficial interest in trust	2,011,910	(152,694)	—	1,859,216
Irrevocable charitable remainder trusts	716,117	(205,172)	—	510,945
Funds held for retired missionary	105,831	—	—	105,831
Endowment for cemetery maintenance	<u>25,000</u>	<u>—</u>	<u>—</u>	<u>25,000</u>
Total	<u>\$ 11,170,451</u>	<u>\$ 5,112,445</u>	<u>\$ (4,112,264)</u>	<u>\$ 12,170,632</u>

ASSOCIATION OF BAPTISTS FOR WORLD EVANGELISM, INC.
D/B/A ABWE INTERNATIONAL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE J – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

During 2018, management of ABWE determined that certain amounts previously treated as net assets with donor restrictions should have been treated as net assets without donor restrictions. Accordingly, \$408,151 of net assets have been reclassified from net assets with donor restrictions to net assets without donor restrictions as of January 1, 2018, with no effect on total net assets.

NOTE K – RETIREMENT PLAN

ABWE maintains a 403(b) retirement plan (“the Plan”) through GuideStone Financial Resources of the Southern Baptist Convention. Employees are eligible to participate upon meeting the eligibility requirements described in the Plan document. Eligible employees may make tax-deferred contributions to the Plan. Employer contributions to the Plan are discretionary. During 2019 and 2018, ABWE made employer discretionary contributions to the Plan totaling approximately \$169,000 and \$179,000, respectively.

NOTE L – SUBSEQUENT EVENTS

In January 2020, the World Health Organization (“WHO”) announced a global health emergency related to the outbreak of a virus originating in China. In March 2020, WHO elevated the classification of the outbreak to a pandemic (“the pandemic”). Management is closely monitoring the potential impact of the pandemic on ABWE’s financial condition and has taken actions to mitigate its impact. Such actions include availing ABWE of relief measures available under federal law and reducing the overall scope and cost of operations, both domestically and internationally. Because of the unknown impact on global commerce, management is not able to estimate the effects of the pandemic on its operating results, financial condition, or liquidity for the year ending December 31, 2020.

Subsequent to year-end, ABWE obtained a Paycheck Protection Program loan in the approximate amount of \$1,746,000. Pursuant to federal law, the loan amount may be forgiven in whole or in part based on the nature of ABWE’s expenditures during an applicable eight-week period. Management expects that all or a significant portion of the loan will be forgiven. ABWE will recognize the amount forgiven as revenue when the conditions for forgiveness are met.

ABWE has evaluated for possible financial reporting and disclosure subsequent events through April 30, 2020, the date as of which the consolidated financial statements were available to be issued.

SUPPLEMENTAL SCHEDULES

ASSOCIATION OF BAPTISTS FOR WORLD EVANGELISM, INC.
D/B/A ABWE INTERNATIONAL
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2019

ASSETS

	Association of Baptists for World Evangelism, Inc.	ABWE Foundation, LLC	Global Neighbors, LLC	Eliminations	Total
ASSETS					
Cash and cash equivalents	\$ 2,938,324	\$ 370,726	\$ 29,901	\$ —	\$ 3,338,951
Cash designated for health insurance reserves	870,250	—	—	—	870,250
Investments	32,405,865	4,958,313	—	—	37,364,178
Investments held in trust	—	4,055,644	—	—	4,055,644
Beneficial interest in trust	—	2,243,422	—	—	2,243,422
Other assets	1,302,560	—	2,800	(20,500)	1,284,860
Property and equipment, net	7,781,405	—	—	—	7,781,405
Total assets	\$ 45,298,404	\$ 11,628,105	\$ 32,701	\$ (20,500)	\$ 56,938,710

LIABILITIES AND NET ASSETS

LIABILITIES					
Accounts payable and accrued expenses	\$ 2,403,096	\$ —	\$ 129,582	\$ (20,500)	\$ 2,512,178
Amounts held for others	91,972	—	—	—	91,972
Net pension obligation	18,372,230	—	—	—	18,372,230
Trust liabilities	—	3,334,784	—	—	3,334,784
Annuities payable	—	1,849,358	—	—	1,849,358
Total liabilities	20,867,298	5,184,142	129,582	(20,500)	26,160,522

NET ASSETS

Without donor restrictions					
Undesignated	2,553,949	2,794,137	(96,881)	—	5,251,205
Designated					
Deficit associated with net pension obligation	(18,372,230)	—	—	—	(18,372,230)
Funds held in missionary accounts	22,320,887	—	—	—	22,320,887
Donor-advised funds	—	565,409	—	—	565,409
Health insurance reserves	870,250	—	—	—	870,250
Investment in property and equipment	7,781,405	—	—	—	7,781,405
Total designated	12,600,312	565,409	—	—	13,165,721
Total without donor restrictions	15,154,261	3,359,546	(96,881)	—	18,416,926
With donor restrictions	9,276,845	3,084,417	—	—	12,361,262
Total net assets	24,431,106	6,443,963	(96,881)	—	30,778,188
Total liabilities and net assets	\$ 45,298,404	\$ 11,628,105	\$ 32,701	\$ (20,500)	\$ 56,938,710

See the Accompanying Report of Independent Auditor

ASSOCIATION OF BAPTISTS FOR WORLD EVANGELISM, INC.
D/B/A ABWE INTERNATIONAL
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2018

ASSETS

	Association of Baptists for World Evangelism, Inc.	ABWE Foundation, LLC	Global Neighbors, LLC	Eliminations	Total
ASSETS					
Cash and cash equivalents	\$ 2,722,364	\$ 867,922	\$ 9,031	\$ —	\$ 3,599,317
Cash designated for health insurance reserves	64,498	—	—	—	64,498
Investments	28,813,929	4,719,340	—	—	33,533,269
Investments held in trust	—	3,614,829	—	—	3,614,829
Beneficial interest in trust	—	1,859,216	—	—	1,859,216
Other assets	1,536,852	10,000	2,000	(10,000)	1,538,852
Property and equipment, net	7,831,266	—	—	—	7,831,266
Total assets	\$ 40,968,909	\$ 11,071,307	\$ 11,031	\$ (10,000)	\$ 52,041,247

LIABILITIES AND NET ASSETS

LIABILITIES					
Accounts payable and accrued expenses	\$ 2,219,292	\$ —	\$ 111,271	\$ (10,000)	\$ 2,320,563
Amounts held for others	100,653	—	—	—	100,653
Net pension obligation	18,421,818	—	—	—	18,421,818
Trust liabilities	—	3,103,884	—	—	3,103,884
Annuities payable	—	1,954,978	—	—	1,954,978
Total liabilities	20,741,763	5,058,862	111,271	(10,000)	25,901,896

NET ASSETS

Without donor restrictions					
Undesignated	(1,054,631)	2,891,705	(100,240)	—	1,736,834
Designated					
Deficit associated with net pension obligation	(18,421,818)	—	—	—	(18,421,818)
Funds held in missionary accounts	22,113,191	—	—	—	22,113,191
Donor-advised funds	—	644,748	—	—	644,748
Health insurance reserves	64,498	—	—	—	64,498
Investment in property and equipment	7,831,266	—	—	—	7,831,266
Total designated	11,587,137	644,748	—	—	12,231,885
Total without donor restrictions	10,532,506	3,536,453	(100,240)	—	13,968,719
With donor restrictions	9,694,640	2,475,992	—	—	12,170,632
Total net assets	20,227,146	6,012,445	(100,240)	—	26,139,351
Total liabilities and net assets	\$ 40,968,909	\$ 11,071,307	\$ 11,031	\$ (10,000)	\$ 52,041,247

ASSOCIATION OF BAPTISTS FOR WORLD EVANGELISM, INC.

D/B/A ABWE INTERNATIONAL
CONSOLIDATING STATEMENT OF ACTIVITIES
 For The Year Ended December 31, 2019

	Association of Baptists for World Evangelism, Inc.	ABWE Foundation, LLC	Global Neighbors, LLC	Eliminations	Total
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS					
Public support and revenue					
Contributions	\$ 44,109,542	\$ 3,581	\$ —	\$ —	\$ 44,113,123
Investment income, net	4,719,702	563,795	280	—	5,283,777
Other income	1,547,985	—	—	(338,400)	1,209,585
Change in value of trusts and charitable gift annuities	—	(16,898)	—	—	(16,898)
Grants	519,351	—	2,463,085	(2,982,436)	—
Total public support and revenue	50,896,580	550,478	2,463,365	(3,320,836)	50,589,587
Net assets released from restrictions	4,937,625	—	—	—	4,937,625
Total public support and revenue and net assets released from restrictions	55,834,205	550,478	2,463,365	(3,320,836)	55,527,212
Expenses					
Program activities	42,780,012	196,129	2,248,362	(2,048,619)	43,175,884
Supporting activities					
Management and general	6,393,674	343,845	21,336	(948,368)	5,810,487
Fundraising	3,171,355	187,411	190,308	(323,849)	3,225,225
Total supporting activities	9,565,029	531,256	211,644	(1,272,217)	9,035,712
Total expenses	52,345,041	727,385	2,460,006	(3,320,836)	52,211,596
Change in net assets without donor restrictions before pension liability adjustment	3,489,164	(176,907)	3,359	—	3,315,616
Pension liability adjustment	1,132,591	—	—	—	1,132,591
Change in net assets without donor restrictions	4,621,755	(176,907)	3,359	—	4,448,207
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS					
Contributions	4,519,830	—	—	—	4,519,830
Change in beneficial interest in trust	—	384,206	—	—	384,206
Investment income, net	—	224,762	—	—	224,762
Change in value of trusts and charitable gift annuities	—	(543)	—	—	(543)
Net assets released from restrictions	(4,937,625)	—	—	—	(4,937,625)
Change in net assets with donor restrictions	(417,795)	608,425	—	—	190,630
CHANGE IN NET ASSETS	4,203,960	431,518	3,359	—	4,638,837
NET ASSETS - Beginning of year	20,227,146	6,012,445	(100,240)	—	26,139,351
NET ASSETS - End of year	\$ 24,431,106	\$ 6,443,963	\$ (96,881)	\$ —	\$ 30,778,188

See the Accompanying Report of Independent Auditor

ASSOCIATION OF BAPTISTS FOR WORLD EVANGELISM, INC.

D/B/A ABWE INTERNATIONAL
CONSOLIDATING STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2018

	Association of Baptists for World Evangelism, Inc.	ABWE Foundation, LLC	Global Neighbors, LLC	Eliminations	Total
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS					
Public support and revenue					
Contributions	\$ 42,033,960	\$ 582	\$ —	\$ —	\$ 42,034,542
Investment loss, net	(490,666)	(44,013)	—	—	(534,679)
Other income	1,250,105	7,138	—	(225,600)	1,031,643
Change in value of trusts and charitable gift annuities	—	(180,936)	—	—	(180,936)
Grants	<u>11,652,841</u>	<u>—</u>	<u>2,010,717</u>	<u>(13,663,558)</u>	<u>—</u>
Total public support and revenue	54,446,240	(217,229)	2,010,717	(13,889,158)	42,350,570
Net assets released from restrictions	<u>4,112,264</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>4,112,264</u>
Total public support and revenue and net assets released from restrictions	<u>58,558,504</u>	<u>(217,229)</u>	<u>2,010,717</u>	<u>(13,889,158)</u>	<u>46,462,834</u>
Expenses					
Program activities	<u>40,590,071</u>	<u>11,164,536</u>	<u>1,949,019</u>	<u>(12,537,068)</u>	<u>41,166,558</u>
Supporting activities					
Management and general	6,088,959	522,302	20,856	(955,047)	5,677,070
Fundraising	<u>3,009,733</u>	<u>278,944</u>	<u>122,802</u>	<u>(397,043)</u>	<u>3,014,436</u>
Total supporting activities	<u>9,098,692</u>	<u>801,246</u>	<u>143,658</u>	<u>(1,352,090)</u>	<u>8,691,506</u>
Total expenses	<u>49,688,763</u>	<u>11,965,782</u>	<u>2,092,677</u>	<u>(13,889,158)</u>	<u>49,858,064</u>
Change in net assets without donor restrictions before pension liability adjustment	8,869,741	(12,183,011)	(81,960)	—	(3,395,230)
Pension liability adjustment	<u>3,506,263</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,506,263</u>
Change in net assets without donor restrictions	<u>12,376,004</u>	<u>(12,183,011)</u>	<u>(81,960)</u>	<u>—</u>	<u>111,033</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS					
Contributions	5,470,311	—	—	—	5,470,311
Change in beneficial interest in trust	—	(152,694)	—	—	(152,694)
Investment loss, net	—	(61,936)	—	—	(61,936)
Change in value of trusts and charitable gift annuities	—	(143,236)	—	—	(143,236)
Net assets released from restrictions	<u>(4,112,264)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(4,112,264)</u>
Change in net assets with donor restrictions	<u>1,358,047</u>	<u>(357,866)</u>	<u>—</u>	<u>—</u>	<u>1,000,181</u>
CHANGE IN NET ASSETS	13,734,051	(12,540,877)	(81,960)	—	1,111,214
NET ASSETS - Beginning of year	<u>6,493,095</u>	<u>18,553,322</u>	<u>(18,280)</u>	<u>—</u>	<u>25,028,137</u>
NET ASSETS - End of year	<u>\$ 20,227,146</u>	<u>\$ 6,012,445</u>	<u>\$ (100,240)</u>	<u>\$ —</u>	<u>\$ 26,139,351</u>

See the Accompanying Report of Independent Auditor

ASSOCIATION OF BAPTISTS FOR WORLD EVANGELISM, INC.

D/B/A ABWE INTERNATIONAL

**NOTE TO CONSOLIDATING STATEMENTS OF FINANCIAL POSITION AND CONSOLIDATING STATEMENTS OF
ACTIVITIES**

NOTE 1 – BASIS OF PRESENTATION

As of December 31, 2019 and 2018, ABWE Foundation, LLC holds nominal title for certain investments on behalf of Association of Baptists for World Evangelism, Inc. (“ABWE”). ABWE is the beneficiary of such investments and, therefore, the assets and related investment activities are included in ABWE’s 2019 and 2018 statements of financial position and activities. Management intends to transfer nominal title of the investments to ABWE in 2020.