Provision Financial Services of NC Baptists, Inc.

Financial Statements

December 31, 2023, 2022 and 2021

FOARD
EST. 1964

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Provision Financial Services of NC Baptists, Inc.
Cary, North Carolina

Opinion
We have audited the accompanying financial statements of Provision Financial Services of NC Baptists, Inc. ("Financial Services" - a nonprofit organization), which comprises the statement of financial position as of December 31, 2023, 2022, and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Provision Financial Services of NC Baptists, Inc. as of December 31, 2023, 2022, and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Provision Financial Services of NC Baptists, Inc. 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.

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Provision Financial Services of NC Baptists, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of Provision Financial Services of NC Baptists, Inc.'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 Provision Financial Services of NC Baptists, Inc.'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.

Related Party Relationship

The accompanying financial statements are those of Provision Financial Services of NC Baptists, Inc. who is under the control of Provision Financial Resources of NC Baptists, Inc. The consolidated financial statements of Provision Financial Resources of NC Baptists, Inc. are presented separately.

Foard & Company, P.A.

March 4, 2024

PROVISION FINANCIAL SERVICES OF NC BAPTISTS, INC.

Statements of Financial Position

December 31, 2023, 2022, and 2021

	2023	2022	2021
ASSETS			
Cash and cash equivalents	$ 5,228,528	$ 6,427,608	$ 10,638,217
Interest receivable	215,962	173,408	184,960
Investments	20,134,045	32,903,430	23,535,577
Church loans receivable, net of allowance	51,519,838	43,277,775	44,146,487
Equipment, net of depreciation	34,834	4,058	11,847
Software, net of amortization	61,428	65,068	-
Offering costs, net	2,685	8,041	13,396
TOTAL ASSETS	***$ 77,197,320***	***$ 82,859,388***	***$ 78,530,484***
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts payable	$ 114,473	$ 12,689	$ 4,673
Accrued vacation	6,182	52,257	44,781
Impact Certificates	76,944,317	82,491,987	78,402,632
Total Liabilities	***77,064,972***	***82,556,933***	***78,452,086***
Net Assets - Without Donor Restrictions	***132,348***	***302,455***	***78,398***
TOTAL LIABILITIES AND NET ASSETS	***$ 77,197,320***	***$ 82,859,388***	***$ 78,530,484***

PROVISION FINANCIAL SERVICES OF NC BAPTISTS, INC.

Statements of Activities

Years Ended December 31, 2023, 2022, and 2021

	2023	2022	2021
REVENUE AND OTHER SUPPORT			
Interest on notes receivable	$ 2,436,737	$ 2,294,638	$ 2,481,642
Investment income	945,838	674,054	318,880
Origination fees	49,400	48,605	16,665
Other income	77,597	17,827	131,236
Total Revenue and Other Support	***3,509,572***	***3,035,124***	***2,948,423***
EXPENSES			
Interest paid to investors	2,454,119	1,922,233	1,865,644
Compensation	823,375	727,347	693,669
Credit loss provision	125,513	(13,229)	(11,443)
All other expenses	276,672	174,716	155,293
Total Expense	***3,679,679***	***2,811,067***	***2,703,163***
CHANGE IN NET ASSETS	***(170,107)***	***224,057***	***245,260***
NET ASSETS WITHOUT DONOR RESTRICTIONS, BEGINNING	***302,455***	***78,398***	***(166,862)***
NET ASSETS WITHOUT DONOR RESTRICTIONS, ENDING	***$ 132,348***	***$ 302,455***	***$ 78,398***

PROVISION FINANCIAL SERVICES OF NC BAPTISTS, INC.

Statements of Cash Flows

Years Ended December 31, 2023, 2022, and 2021

	2023	2022	2021
OPERATING ACTIVITIES			
Change in net assets	$ (170,107)	$ 224,057	$ 245,260
Adjustments to reconcile changes in net assets to cash flows from operating activities:			
Depreciation and amortization	32,773	19,028	16,932
Increase (decrease) in loan reserve	125,513	(13,229)	(11,443)
(Gain) Loss on disposal of fixed assets	(25,687)	-	-
Realized and unrealized loss on fair value of marketable securities	-	61,361	139,800
(Increase) decrease in operating assets:			
Interest receivable	(42,554)	11,552	8,759
Due to related party	-	-	100,113
Increase (decrease) in operating liabilities:			
Accounts payable	101,784	8,016	(16,819)
Accrued vacation	(46,075)	7,476	2,505
Cash Flows from Operating Activities	***(24,353)***	***318,261***	***485,107***
INVESTING ACTIVITIES			
Purchases of equipment and software	(54,866)	(70,952)	-
Proceeds from disposal of equipment	26,000	-	-
Purchases of investments	(3,890,881)	(22,347,221)	(39,750,017)
Proceeds from sale and maturities of investments	16,660,266	12,918,007	28,027,696
Church loans receivable issued	(15,563,989)	(2,901,804)	(8,082,177)
Principal repayment of Church loans receivable	7,196,413	3,783,745	8,845,075
Cash Flows from Investing Activities	***4,372,943***	***(8,618,225)***	***(10,959,423)***
FINANCING ACTIVITIES			
Proceeds from Impact Certificates	10,689,512	15,737,675	15,200,597
Redemptions of Impact Certificates	(16,237,182)	(11,648,320)	(3,311,972)
Cash Flows from Financing Activities	***(5,547,670)***	***4,089,355***	***11,888,625***
NET CHANGE IN CASH AND CASH EQUIVALENTS	***(1,199,080)***	***(4,210,609)***	***1,414,309***
CASH AND CASH EQUIVALENTS, BEGINNING	***6,427,608***	***10,638,217***	***9,223,908***
CASH AND CASH EQUIVALENTS, ENDING	***$ 5,228,528***	***$ 6,427,608***	***$ 10,638,217***
Interest Paid	***$ 2,454,119***	***$ 1,922,233***	***$ 1,865,644***

NOTE 1 - NATURE OF ACTIVITIES

Provision Financial Services of NC Baptists, Inc., formerly known as The North Carolina Baptist Financial Services (Financial Services) was formed on April 17, 2009, under the laws of North Carolina as a charitable and religious organization supporting Provision Financial Resources of NC Baptists, Inc., formerly known as The North Carolina Baptist Foundation (Provision) and its mission to promote the Baptist denomination in North Carolina. Financial Services is a wholly-owned subsidiary of Provision. Its primary focus is to engage in lending activities providing loans to Baptist churches and other Baptist entities for construction and expansion of facilities. Financial Services has issued unsecured debt securities (impact certificates) to fund these activities.

Financial Services' primary sources of revenue are interest income on loans receivable and investment income. Financial Services is generally exempt from income tax under section 501(c)(3) of the Internal Revenue Code (the Code) and comparable state law and is classified as a publicly supported organization, which is not a private foundation, under section 509(a)(1) of the Code.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation
The financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles (GAAP). Under GAAP, Financial Services is required to report information regarding its financial position and activities according to the following classes of net assets.

> Net assets without donor restrictions - are amounts not subject to any donor-imposed stipulations and are currently available for use in operations under the direction of the Board of Directors.
>
> Net assets with donor restrictions – are comprised of amounts that may be temporary in nature, which are subject to donor-imposed stipulations that may or will be met either by actions of Financial Services or passage of time, and net assets that are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Financial Services had no net assets with donor restrictions at December 31, 2023, 2022, or 2021.

Investments
Investments in marketable securities with readily determinable fair values, certificates, and all debt securities are reported at fair value based upon quoted market prices. Realized and unrealized gains and losses are reported in the statements of activities as a component of investment income.

Cash and Cash Equivalents
Cash and cash equivalents consist of cash in various bank accounts. For financial reporting purposes, highly liquid investments with an original maturity of three months or less are reported as cash equivalents. These accounts may, at times, exceed federally insured limits. Financial Services has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Offering Costs
Offering costs are stated net of accumulated amortization, which is calculated on a straight-line basis over the expected life of fifteen years.

Church Loans Receivable
Church loans receivable are stated at the principal amount outstanding net of a credit loss reserve. Interest is computed daily on the amount outstanding. All church loans receivable relate to loans made to Baptist churches in the State of North Carolina. Financial Services performs ongoing credit evaluations of its customers' financial condition and typically requires a first or second mortgage as collateral on each loan receivable. Financial Services' policy is to fully reserve loans determined to be in default and to place those loans on nonaccrual status. There were no such loans as of December 31, 2023, 2022, and 2021.

New Accounting Pronouncement
On January 1, 2023, Financial Services adopted ASU 2016-13 *Financial Instruments – Credit Losses* (Topic 326). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts. Financial Services adopted ASC 326 and all related subsequent amendments thereto effective January 1, 2023 using the modified retrospective approach for its Church loans receivable. The implementation had no impact on the accompanying financial statements.

Equipment
Items capitalized as equipment are recorded at cost or, if donated, at fair market value on the date of the gift. Purchases and donations of equipment in excess of $2,500 are capitalized if the expected useful life exceeds one year. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets ranging from three to seven years.

Software
Items capitalized as software are recorded at cost or, if donated, at fair market value on the date of the gift. Purchases and donations of equipment in excess of $2,500 are capitalized if the expected useful life exceeds one year. Amortization is calculated on a straight-line basis over the expected life of fifteen years.

Uncertain Tax Positions
The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statements of activities. As of December 31, 2023, 2022, and 2021, Financial Services had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Use of Estimates
The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues, and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 - INVESTMENTS

Investments of Financial Services consist of certificates. Certificates are carried at cost which approximates fair value. Investments at December 31, 2023, consist of corporate fixed income certificates. Changes in the market value of securities are reflected as unrealized investment gains or losses in the accompanying statement of cash flows. Investments purchases and sales of securities are reflected on a trade date basis. Interest and dividend income is recorded as earned or declared on an accrual basis.

Financial Services has multiple certificates with varying maturity dates occurring between 2024 and 2025 and bears interest at rates between 2.27 and 4.97 percent.

Fair Value of Financial Instruments
GAAP requires fair value of financial instruments to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. It establishes a three-level valuation hierarchy based upon observable and unobservable inputs. The fair values for Level 1 assets are based on quoted prices in active markets for identical assets or liabilities. The fair values for Level 2 assets are based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. The fair values for Level 3 assets are based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Financial Services uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, Financial Services measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available. The certificates held by Financial Services are classified as Level 2 assets. The notes receivables (see Note 4) held by Financial Services during the three-year period are all classified as Level 2 assets.

Risk and Uncertainties
Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the statements of financial position.

NOTE 4 - CHURCH LOANS RECEIVABLE

Church loans receivable consist of the following at December 31:

		2023		2022		2021
Church loans receivable	$	52,304,404	$	43,936,828	$	44,818,769
Less - loss reserve		784,566		659,053		672,282
CHURCH LOANS, NET	***$***	***51,519,838***	***$***	***43,277,775***	***$***	***44,146,487***

Church loans receivable mature as follows:

Current – 2024			$	1,510,647
Long-Term:				
2025	$	2,170,812		
2026		1,757,273		
2027		1,788,055		
2028		1,873,153		
Thereafter		43,204,464		50,793,757
TOTAL			***$***	***52,304,404***

Financial Services had 98 mortgage loans at December 31, 2023, bearing interest at rates from 3.25% to 7.99%. Although Financial Services has no geographic restrictions on where the loans are made other than where member churches are located, all loans are to churches located in the State of North Carolina.

Loans receivable are distributed by the size of the loan as follows:

Balance	Number		Average Balance		Total Balance	Percentage of Portfolio
Greater than $1,000,000	13	$	2,001,658	$	26,021,557	49.8%
$500,000 - 999,999	22		684,310		15,054,830	28.8%
$250,000 - 499,999	18		366,583		6,598,486	12.6%
$100,000 - 249,999	24		154,749		3,713,982	7.1%
Less than $100,000	21		43,598		915,549	1.7%
TOTAL	***98***			***$***	***52,304,404***	***100.00%***

NOTE 5 - CREDIT QUALITY OF FINANCING RECEIVABLES

Financial Services' financing receivables consist of loans issued to finance capital improvements by North Carolina Baptist churches. These receivables are classified as church loans receivable on the statement of financial position.

The credit loss reserve is maintained at a level which, in management's judgment, is adequate to absorb any losses in the loan portfolio. Financial Services has an established methodology to determine the adequacy of the allowance for credit losses that assesses the risk and losses inherent in Financial Services' portfolio. Financial Services measures expected credit losses for loans on a pooled basis as the loans have similar risk characteristics. Financial Services' policy for the year ended December 31, 2023, 2022, and 2021 was to maintain approximately 1.5% of all outstanding church loans receivable as a credit loss reserve. For any impaired or potentially impaired loans, Financial Services reserves the full value of the potential impairment in the credit loss reserve. During the years 2021 to 2023, Financial Services had no impaired loans.

Changes in allowance for estimated losses on financing receivables in aggregate are presented as follows:

	2023	2022	2021
Credit loss reserve:			
Beginning balance	$ 659,053	$ 672,282	$ 683,725
Charge-offs	-	-	-
Recoveries	-	-	-
Changes to provision	125,513	(13,229)	(11,443)
Ending Balance	$ 784,566	$ 659,053	$ 672,282
Ending Balance: individually evaluated for impairment	$ -	$ -	$ -
Ending Balance: collectively evaluated for impairment	$ 784,566	$ 659,053	$ 672,282

	2023	2022	2021
Financing receivables:			
Ending Balance	$ 52,304,404	$ 43,936,828	$ 44,818,769
Ending Balance: individually evaluated for impairment	-	-	-
Ending Balance: collectively evaluated for impairment	$ 52,304,404	$ 43,936,828	$ 44,818,769

NOTE 6 – EQUIPMENT AND SOFTWARE

Equipment consists of the following as of December 31:

	2023	2022	2021
Vehicles	$ 39,566	$ 55,766	$ 55,766
Furniture and equipment	8,966	4,691	4,691
Total Equipment	48,532	60,457	60,457
Less - accumulated depreciation	13,698	56,399	48,610
EQUIPMENT, NET	***$ 34,834***	***$ 4,058***	***$ 11,847***

Software costs at December 31, 2023, was $81,977, net of $20,549 of amortization, at December 31, 2022 was $70,952, net of $5,884 of amortization and at December 31, 2021 was $9,500 and was fully amortized.

NOTE 7 – IMPACT CERTIFICATES

Financial Services issues impact certificates, formerly called certificates of participation. Funds received are used to originate church loans to North Carolina Baptist churches. The church loans are generally secured by first or second mortgages on the church properties. Original maturities range from three to twenty-five years with maturity dates through 2049. Interest rates are adjustable and range from 2.1% to 5.75%. The loans are serviced by Provision Financial Resources of NC Baptists, Inc. on behalf of Provision Financial Services.

Impact certificates are unsecured and are not insured. Investors are required to bear the financial risks of their investments.

Financial Services is only permitted to issue impact certificates to people residing in the State of North Carolina, who are members of a North Carolina Baptist church or affiliated with a North Carolina Baptist organization.

As of December 31, 2023, 2022 and 2021, impact certificates issued and outstanding totaled $76,944,317, $82,491,987, and $78,402,632, respectively. Financial Services' Board of Directors currently determines rates on the impact certificates using the 10-year Treasury rate as a guide. Rates on demand certificates may be adjusted monthly; timed certificate rates remain fixed for the duration of the certificate. Average rates of return paid to certificate holders were 3.85%, 2.26%, and 2.38%, for the years ended December 31, 2023, 2022, and 2021, respectively. Earnings are credited monthly to certificate holders' accounts and are automatically reinvested in the impact certificates. Reinvested earnings are included in depositor funds on the accompanying statements of financial position. Impact certificates may be redeemed by investors by written or verbal notification to Financial Services. Redemptions during the years ended December 31, 2023, 2022, and 2021 totaled $16,237,182, $11,648,320, and $3,311,972, respectively.

Impact certificates mature as follows:

Current – 2024, including on-demand		$ 61,189,526
Long-Term:		
2025	$ 8,133,892	
2026	5,132,133	
2027	2,082,519	
2028	406,247	15,754,791
TOTAL		***$ 76,944,317***

Offering Circular
Financial Services is currently authorized by the North Carolina Securities Division to issue impact certificates up to a limit of $100,000,000.

NOTE 8 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial Services has $27,089,183 of financial assets, which are neither designated nor restricted, that are available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash of $5,228,528, investments of $20,134,045, current portion of notes receivables of $1,510,647, which are expected to be collected during the year and interest receivable of $215,962, which is expected to be collected within thirty days. Financial Services also has access to a line of credit of $2.25 million available through Provision.

NOTE 9 - FUNCTIONAL EXPENSES

Financial Services' activities are focused in three functional areas. Program services represent the primary focus of Financial Services' activities. Supporting services are fundraising activities and general and administrative activities. The costs of providing the various programs and other activities are summarized on a functional basis below. Personnel expenses are allocated on management's estimate of time spent on the functional areas. All other expenses are allocated based on management's estimate of the various expenses that comprise those costs. Management determined that no expenses occurred related to fundraising activities during the years ended December 31, 2023, 2022, and 2021.

Functional allocation for the year ended December 31, 2023:

	TOTAL	Program	Management and General
Interest expense	$ 2,454,119	$ 2,454,119	$ -
Compensation:			
Salaries	602,102	511,787	90,315
Employee benefits and taxes	221,273	188,082	33,191
Credit loss provision	125,513	125,513	-
Other expenses:			
Professional services	11,228	-	11,228
Auto and travel	36,649	32,984	3,665
Bank fees	3,950	1,975	1,975
Depreciation and amortization	32,773	31,103	1,670
Miscellaneous	47,104	250	46,854
Office supplies	89,787	80,808	8,979
Printing and promotional	216	216	-
Utilities	10,157	7,638	2,519
Operations	44,808	38,087	6,721
TOTAL	$ 3,679,679	$ 3,472,562	$ 207,117

Functional allocation for the year ended December 31, 2022:

	TOTAL	Program	Management and General
Interest expense	$ 1,922,233	$ 1,922,233	$ -
Compensation:			
Salaries	532,466	452,596	79,870
Employee benefits and taxes	194,881	165,650	29,231
Credit loss provision	(13,229)	(13,229)	-
Other expenses:			
Professional services	11,500	-	11,500
Auto and travel	17,161	15,445	1,716
Bank fees	5,229	2,615	2,614
Depreciation and amortization	19,028	18,138	890
Miscellaneous	29,590	250	29,340
Office supplies	46,825	42,142	4,683
Printing and promotional	333	333	-
Utilities	8,916	6,666	2,250
Operations	36,134	30,713	5,421
TOTAL	$ 2,811,067	$ 2,643,552	$ 167,515

Functional allocation for the year ended December 31, 2021:

	TOTAL	Program	Management and General
Interest expense	$ 1,865,644	$ 1,865,644	$ -
Compensation:			
Salaries	505,709	429,853	75,856
Employee benefits and taxes	187,960	159,766	28,194
Credit loss provision	(11,443)	(11,443)	-
Other expenses:			
Professional services	14,911	-	14,911
Auto and travel	14,021	12,619	1,402
Bank fees	10,450	5,225	5,225
Depreciation and amortization	16,931	15,663	1,268
Miscellaneous	20,271	250	20,021
Office supplies	39,231	35,308	3,923
Printing and promotional	296	296	-
Utilities	8,474	6,146	2,328
Operations	30,708	26,102	4,606
TOTAL	$ 2,703,163	$ 2,545,429	$ 157,734

NOTE 10 - RELATED PARTY TRANSACTIONS

Financial Services' payroll processing and all of its operating cost processing are administered by Provision. These amounts comprise the accounts payable of $114,472, $12,689, and $4,673 as of December 31, 2023, 2022, and 2021 respectively, all of which is due to Provision.

Board and staff members of Financial Services and Provision, as well as their relatives, have invested in the impact certificates of Financial Services. Their holdings total approximately $936,417, $2,114,990, and $2,170,939, as of December 31, 2023, 2022 and 2021, respectively. Additionally, the Baptist State Convention, of whom both Financial Services and Provision are affiliates, holds approximately $8,903,292, $8,637,339, and $7,520,530 of the debt securities as of December 31, 2023, 2022, and 2021 respectively.

Financial Services contributes to a multi-employer retirement plan for its eligible employees through Provision. Employees may choose from two fund families: Guidestone Financial Resources or the American Funds. After one year of employment, Provision contributes 10% per year of employees' compensation to the retirement plan. After three years of employment, employees can contribute 1% of compensation to the plan, with a full match by Provision. Every three years thereafter, employees can contribute an additional 1% of compensation to the plan, with Provision matching contributions up to 5%. Employees are fully vested in all contributions made to the plan on their behalf. Contributions to the plan were made by Financial Services for $64,296.

During the years presented, Provision maintained a line of credit on behalf of Financial Services. There was no balance due on this line of credit as of December 31, 2023, 2022, and 2021.

NOTE 11 – COMMITMENTS

In the normal course of business, Financial Services makes commitments to extend mortgage loans to meet the financing needs of member churches. Outstanding commitments are letters that outline the terms and conditions of the loan to be granted. The commitments represent expected disbursements based on estimated construction costs and may vary based on actual costs of construction. Financial Services' exposure to credit loss, in the event of nonperformance by the churches to which it has extended commitments, is limited to the amount of the commitment. Financial Services controls the credit risk of its commitments through credit approvals, limits, and monitoring procedures. At December 31, 2023, Financial Services had extended loan commitments of $15,787,229.

NOTE 12 – SUBSEQUENT EVENTS

Financial Services has evaluated subsequent events from the date of the statement of financial position through the date of the independent auditors' report, which is the date the financial statements were available to be issued. During this period, no material recognizable subsequent events were identified.