

**NORTH AMERICAN BAPTISTS,
INC. AND NORTH AMERICAN
BAPTISTS, INC. (CANADA)**

Combined Financial Statements
With Independent Auditors' Report

August 31, 2016 and 2015

**NORTH AMERICAN BAPTISTS, INC.
AND NORTH AMERICAN BAPTISTS, INC. (CANADA)**

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INDEPENDENT AUDITORS' REPORT

Executive Committee
North American Baptists, Inc.
and North American Baptists, Inc. (Canada)
Roseville, California

We have audited the accompanying combined financial statements of North American Baptists, Inc. and North American Baptists, Inc. (Canada) (NAB), which comprise the combined statements of financial position as of August 31, 2016 and 2015, and the related combined statements of activities and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to NAB's preparation and fair presentation of the combined 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 NAB'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 combined financial statements.

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

Executive Committee
North American Baptists, Inc.
and North American Baptists, Inc. (Canada)
Roseville, California

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of North American Baptists, Inc. and North American Baptists, Inc. (Canada) as of August 31, 2016 and 2015, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Pleasanton, California
December 16, 2016

**NORTH AMERICAN BAPTISTS, INC.
AND NORTH AMERICAN BAPTISTS, INC. (CANADA)**

Combined Statements of Financial Position

	August 31,	
	2016	2015
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 1,191,029	\$ 1,058,589
Investments	12,298,158	11,704,316
Contributions receivable	22,118	37,885
Other receivables and assets	18,018	40,144
Assets held for others	166,421	1,096,800
	13,695,744	13,937,734
Annuity assets	105,662	132,643
Trust assets	212,017	207,589
Property and equipment-net	1,091,393	1,098,083
	\$ 15,104,816	\$ 15,376,049
Total Assets	\$ 15,104,816	\$ 15,376,049
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable	\$ 16,131	\$ 42,754
Accrued expenses	104,662	62,624
Annuities payable	99,866	114,926
Trust liabilities	70,119	70,450
Assets held for others	166,421	926,800
	457,199	1,217,554
Net Assets:		
Unrestricted	11,523,046	11,194,252
Temporarily restricted	3,124,571	2,964,243
Total Net Assets	14,647,617	14,158,495
Total Liabilities and Net Assets	\$ 15,104,816	\$ 15,376,049

See notes to combined financial statements

**NORTH AMERICAN BAPTISTS, INC.
AND NORTH AMERICAN BAPTISTS, INC. (CANADA)**

Combined Statements of Activities

	Year Ended August 31,							
	2016			2015				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE, SUPPORT, and RECLASSIFICATIONS:								
Contributions and bequests	\$ 1,387,561	\$ 2,769,017	\$ -	\$ 4,156,578	\$ 1,384,912	\$ 2,919,202	\$ -	\$ 4,304,114
Investment income	855,166	-	-	855,166	(33,572)	-	-	(33,572)
Other income	26,391	-	-	26,391	495,066	-	-	495,066
Change in value of annuities and trusts	(11,921)	4,758	-	(7,163)	(25,415)	(4,944)	-	(30,359)
Net assets released from restriction	2,628,938	(2,628,938)	-	-	3,182,714	(3,095,706)	(87,008)	-
Total Revenue, Support, and Reclassifications	4,886,135	144,837	-	5,030,972	5,003,705	(181,448)	(87,008)	4,735,249
EXPENSES:								
Program Services:								
Ministry outreach	3,602,379	-	-	3,602,379	3,459,399	-	-	3,459,399
Regional ministers	-	-	-	-	31,845	-	-	31,845
Education	115,004	-	-	115,004	303,768	-	-	303,768
Total Program Services	3,717,383	-	-	3,717,383	3,795,012	-	-	3,795,012
Supporting Activities:								
Management and general	634,082	-	-	634,082	681,830	-	-	681,830
Fund-raising	225,742	-	-	225,742	186,276	-	-	186,276
Total Supporting Activities	859,824	-	-	859,824	868,106	-	-	868,106
Total Expenses	4,577,207	-	-	4,577,207	4,663,118	-	-	4,663,118
Change in Net Assets before currency translation	308,928	144,837	-	453,765	340,587	(181,448)	(87,008)	72,131
Net Assets, Beginning of Year	11,194,252	2,964,243	-	14,158,495	11,432,719	3,406,837	87,008	14,926,564
Current year translation adjustment	19,866	15,491	-	35,357	(579,054)	(261,146)	-	(840,200)
Net Assets, End of Year	\$ 11,523,046	\$ 3,124,571	\$ -	\$ 14,647,617	\$ 11,194,252	\$ 2,964,243	\$ -	\$ 14,158,495

See notes to combined financial statements

**NORTH AMERICAN BAPTISTS, INC.
AND NORTH AMERICAN BAPTISTS, INC. (CANADA)**

Combined Statements of Cash Flows

	Year Ended August 31,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 453,765	\$ 72,131
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net realized and unrealized (gains) losses	(597,836)	299,980
Loss on sale of real property	24,520	-
Depreciation	38,820	37,638
Donated real estate	-	(170,000)
Change in value of trusts	(4,758)	4,944
Change in value of annuities	(15,060)	(9,792)
Payments to annuitants	33,444	34,544
Changes in operating accounts:		
Contributions receivable	15,767	196,089
Other receivables and assets	22,126	(9,070)
Accounts payable and accrued expenses	15,414	3,403
Net Cash Provided by (Used in) Operating Activities	<u>(13,798)</u>	<u>459,867</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of investments	2,968,873	273,749
Purchases of investments	(2,903,672)	(300,527)
Proceeds from sale of real property	145,480	-
Proceeds from sale of trust assets	39,290	24,079
Proceeds from sale of annuity assets	45,650	49,058
Purchases of trust assets	(42,781)	(21,944)
Purchases of annuity assets	(45,245)	(13,851)
Purchases of property and equipment	(32,130)	(28,620)
Net Cash Provided by (Used in) Investing Activities	<u>175,465</u>	<u>(18,056)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments to trustees	(9,419)	(9,759)
Payments to annuitants	(33,444)	(34,544)
Trust investment income	13,846	7,623
Principal payments on capital lease obligation	-	(1,559)
Net Cash Used in Financing Activities	<u>(29,017)</u>	<u>(38,239)</u>
Effect of exchange rate changes on cash and cash equivalents	(210)	(106,992)
Change in Cash and Cash Equivalents	<u>132,440</u>	<u>296,580</u>
Cash and Cash Equivalents, Beginning of Year	<u>1,058,589</u>	<u>762,009</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,191,029</u>	<u>\$ 1,058,589</u>

See notes to combined financial statements

**NORTH AMERICAN BAPTISTS, INC.
AND NORTH AMERICAN BAPTISTS, INC. (CANADA)**

Notes to Combined Financial Statements

August 31, 2016 and 2015

1. NATURE OF ORGANIZATION:

North American Baptists, Inc. and North American Baptists, Inc. (Canada) (NAB) are the operating corporations of the North American Baptist Conference (the Conference), together, NAB Conference. In the United States, NAB is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (the Code) and comparable state law. NAB has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. In Canada, NAB is a registered charity under the Income Tax Act of Canada (the Act). Contributions to NAB are tax deductible within the limitations prescribed by the Code and the Act.

NAB Conference has approximately 400 cooperative churches organized into 13 regions by geographical areas throughout the United States and Canada. To assist members, NAB has established foundations (both in the US and Canada) for estate planning.

NAB Conference's foreign mission fields include Cameroon, Brazil, Japan, Hungary, Romania and Asia. In addition, NAB partners with nationals in Russia, the Philippines, and Serbia. Approximately 31 missionaries are assigned for varying lengths of terms to staff these fields and many short-term volunteers are assigned for two weeks to two years. Missionaries help local communities and residents with health, education, welfare, and spiritual needs. Through Hispanics for Christ, NAB is training Hispanic leaders and planting Hispanic churches in Canada, the United States, Mexico, Central America, and South America.

NAB Conference functions domestically by assisting local congregations in church growth and by planting new churches. The ministry of NAB Conference is supported mainly by contributions from individuals and cooperative churches.

COMBINED FINANCIAL STATEMENTS

The combined financial statements include the activities and balances of North American Baptists, Inc. and North American Baptists, Inc. (Canada) after elimination of all significant intra-organizational transactions and balances. The combined financial statements do not include the financial position, results of activities, or cash flows of NAB's affiliated organizations, which include its member churches, associations/regions, mission fields, Sioux Falls Seminary, Taylor College and Seminary, North American Baptist Foundation, Inc. (US and Canada) (NABF), Church Investors Fund, Inc. (CIF, Inc.), Church Investors Fund, Ltd. (CIF, Ltd.), Hispanics for Christ and North American Baptist Heritage Commission. These affiliates are not combined in the Conference's financial statements due to their financial and administrative independence.

**NORTH AMERICAN BAPTISTS, INC.
AND NORTH AMERICAN BAPTISTS, INC. (CANADA)**

Notes to Combined Financial Statements

August 31, 2016 and 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The combined financial statements of NAB have been prepared on the accrual basis of accounting. All amounts are stated in United States dollars. The preparation of the combined financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The more significant accounting policies are described below.

FOREIGN CURRENCY TRANSLATION

All assets and liabilities of operations outside the United States are translated into U.S. dollars at exchange rates in effect at the end of the period. Revenue and expense accounts are translated into U.S. dollars at the weighted average exchange rate for the year.

CASH AND CASH EQUIVALENTS

For combined statements of financial position and cash flow purposes, cash and cash equivalents include cash on hand, cash on deposit, and money market accounts. These accounts may, at times, exceed federally insured limits. NAB has not experienced any losses on these accounts.

INVESTMENTS, ANNUITY ASSETS, AND TRUST ASSETS

Investments and annuity assets consist of currently expendable investments for operating and annuity requirements. Trust assets consist of non-expendable amounts invested pursuant to NAB's trust agreements, which are invested in custodial accounts separate from expendable investments.

Investments, annuity assets, and trust assets in readily marketable debt and equity instruments are carried at fair value. Fair values for investment securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable investments. Investments in Church Investor's Fund (CIF) certificates are carried at cost, which approximates fair value. Investments in real estate are carried at the lower of cost or estimated net realizable value.

Interest, dividends, and realized/unrealized gains and losses on investments are reported as investment income in the combined statements of activities.

PROPERTY AND EQUIPMENT

Expenditures for land, buildings, and equipment over \$10,000 are capitalized at cost. Donated items are recorded at the fair market value on the date of the gift. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, ranging from 3 to 40 years. Expenditures that increase the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Expenditures for maintenance of property and equipment (including those for planned major maintenance projects), repairs and minor renewals to maintain facilities in operating condition are generally expensed as incurred. Major replacements and renewals are capitalized.

**NORTH AMERICAN BAPTISTS, INC.
AND NORTH AMERICAN BAPTISTS, INC. (CANADA)**

Notes to Combined Financial Statements

August 31, 2016 and 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ANNUITY AGREEMENTS

NAB has established a gift annuity plan whereby donors may contribute assets to NAB in exchange for the right to receive a fixed dollar annual return during their lifetimes. This transaction provides for a portion of the transfer to be considered a charitable contribution for income tax purposes. The difference between the amount provided for the annuity contract and the discounted liability for future payments, determined on an actuarial basis, is recognized as contribution income at the date of the gift if NAB is the ultimate beneficiary or as a liability if another charity is the beneficiary. Upon the death of the annuitant, income distributions cease. The actuarial liability for annuities payable is calculated annually using published mortality rate tables adopted by the Internal Revenue Service at an assumed rate of return of 6.0%. Resulting actuarial gain or loss is recorded as a component of the change in value of annuities on the combined statements of activities.

TRUST AGREEMENTS

NAB has an agreement with the North American Baptist Foundation, Inc. (US and Canada) (the Foundation) to identify parties interested in entering into trust agreements with NAB and then NABF writes the contracts. As trustee, NAB has contracted with Cornerstone Management for the administration of the US revocable trusts that provide for a beneficial interest to NAB or other beneficiaries at the grantor's death. Since the trusts are revocable at the discretion of the grantor, the principal amounts provided are recorded as liabilities. All trust income, deductions, and credits are reportable by the grantor for tax purposes. At the grantor's death, the remaining trust assets, if designated for NAB, will be recorded as contribution income. Any trust designated for other beneficiaries will be distributed in accordance with the trust agreement.

NAB has also contracted with Cornerstone Management for the administration of US irrevocable trusts including charitable remainder unitrusts and annuity trusts. These trusts provide for the payment of lifetime distributions to the grantor or other designated beneficiaries. The present values of the income interests are reported as trust liabilities using federal discount and mortality tables. At the death of the lifetime beneficiaries, the trusts provide for the distribution of assets to designated remaindermen. The present value of NAB's remainder interest is reported as temporarily restricted contributions in the period received and as temporarily restricted net assets until a reclassification to unrestricted net assets when the trust matures. Certain trusts contain provisions to distribute assets to remaindermen other than NAB. The portion attributable to others is reflected as a component of trust liabilities.

**NORTH AMERICAN BAPTISTS, INC.
AND NORTH AMERICAN BAPTISTS, INC. (CANADA)**

Notes to Combined Financial Statements

August 31, 2016 and 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

NET ASSETS

The combined financial statements present classes of net assets as follows:

Unrestricted net assets are those currently available for ministry purposes under the direction of the General Council of NAB, those designated by the General Council of NAB for specific use and those resources invested in property and equipment.

Temporarily restricted net assets are those contributed with donor stipulations for specific operating purposes or programs, those with time restrictions, or those not currently available for use until commitments regarding their use have been fulfilled or lifetime beneficiary interests have ceased.

Permanently restricted net assets are those contributed with donor restrictions requiring they be held in perpetuity. Income received on these funds may be designated by the agreement for specific ministry purposes, or may be available for use by NAB. During the year ended August 31, 2015, NAB released permanently restricted net assets because the administrative costs exceeded the benefit of maintaining the funds in perpetuity.

REVENUES

Revenue is recognized when contributions are received, which may be when cash or unconditional promises to give are received, or when ownership of other assets is transferred to NAB. Bequests are recorded as income at the time NAB has an established right to the bequest and the proceeds are measurable. Other income is recorded when earned.

NAB records contributions as temporarily restricted if they are received with donor stipulations that limit their use either through purpose or time restrictions, or both. When donor restrictions expire, that is when the purpose restriction is fulfilled or the time restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statements of activities as net assets released from restrictions.

Property donated with restrictions regarding their use and contributions of cash to acquire property are reported as restricted support. Absent any donor stipulations, these restrictions expire when the asset is acquired or placed in service.

**NORTH AMERICAN BAPTISTS, INC.
AND NORTH AMERICAN BAPTISTS, INC. (CANADA)**

Notes to Combined Financial Statements

August 31, 2016 and 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

DONATED GOODS AND SERVICES

Member congregations, individuals, and other organizations routinely provide voluntary services to ministry programs of NAB. These resources have a significant impact on making the ministry program effective. However, the value of the volunteer time associated with such programs is not reflected in the combined financial statements because they do not meet the definition of skilled services under the accounting standards. Donated goods and services are recorded as gifts in kind at their estimated fair value at the date of donation. There were no donated goods or services that qualified for recognition during the years ended August 31, 2016 and 2015.

ALLOCATION OF EXPENSES AND JOINT COSTS

The costs of providing the various program and supporting activities have been summarized on a functional basis in the combined statements of activities. The costs of certain multipurpose activities have been allocated based on the level of effort and relative program and supporting activities benefitted. Joint costs were immaterial to the combined financial statements.

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. NAB had no uncertain tax positions that qualify for recognition or disclosure in the financial statements as of August 31, 2016 and 2015. NAB files information tax returns in Canada. NAB is subject to income tax examinations for the current year and certain prior years based on the applicable laws and regulations.

**NORTH AMERICAN BAPTISTS, INC.
AND NORTH AMERICAN BAPTISTS, INC. (CANADA)**

Notes to Combined Financial Statements

August 31, 2016 and 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

EMPLOYEE BENEFIT PLANS

NAB maintains employee benefit plans in the United States and Canada in accordance with Internal Revenue Code section 403(b) and the Income Tax Act of Canada, respectively. The plans cover eligible employees of the cooperating organizations of NAB, including ministers and approved church staff employed by the constituent churches or who are serving indirectly the interests of NAB, as approved by the General Council of the Conference. The plans include mutual fund options in the United States and a registered retirement savings plan in Canada.

Employer contributions made by NAB range from 5% to 12% of annual compensation based on class of employment. Employee contributions are discretionary and are subject to the maximum amounts allowed by governmental regulations. NAB made contributions to those plans of approximately \$120,000 and \$111,000 in the years ended August 31, 2016 and 2015, respectively. In addition to amounts contributed for employees, NAB makes an annual contribution of \$300 (U.S. and Canadian dollars) to the account of certain employees of the NAB Conference churches who meet certain minimum contribution and eligibility requirements. Expense recorded for contributions to employee retirement accounts totaled approximately \$80,000 and \$86,000 for the years ended August 31, 2016 and 2015, respectively.

3. INVESTMENTS:

Investments consist of:

	August 31,	
	2016	2015
Investments at fair value:		
ETFs:		
Value	\$ 3,247,042	\$ 1,956,253
Fixed-income	2,431,497	1,535,175
Growth	1,851,750	2,134,971
Equity	697,297	1,908,847
Real estate	284,447	363,596
Blend	-	704,467
	8,512,033	8,603,309
Investments at cost:		
Money market	134,120	331,497
Certificates of deposit	3,652,005	2,769,510
	\$ 12,298,158	\$ 11,704,316

**NORTH AMERICAN BAPTISTS, INC.
AND NORTH AMERICAN BAPTISTS, INC. (CANADA)**

Notes to Combined Financial Statements

August 31, 2016 and 2015

3. INVESTMENTS, continued:
Investment income consists of:

	August 31,	
	2016	2015
Interest and dividends	\$ 257,330	\$ 266,408
Realized and unrealized gains (losses)	597,836	(299,980)
	\$ 855,166	\$ (33,572)

NAB's investments at fair value consist of publicly traded securities. The investments are reported based on quoted prices in active markets for identical assets, which is Level 1 of the fair value hierarchy.

4. ANNUITY ASSETS:
Annuity assets are as follows:

	August 31,	
	2016	2015
Annuity assets:		
At fair value:		
ETFs:		
Fixed-income funds	\$ 37,516	\$ 49,587
REITs	5,266	6,294
Growth	17,408	22,294
Value	17,469	22,081
Other	7,177	11,155
	84,836	111,411
At cost:		
Cash and cash equivalents	15,485	16,790
Money market funds	5,341	4,442
	\$ 105,662	\$ 132,643

**NORTH AMERICAN BAPTISTS, INC.
AND NORTH AMERICAN BAPTISTS, INC. (CANADA)**

Notes to Combined Financial Statements

August 31, 2016 and 2015

4. ANNUITY ASSETS, continued:

Change in value of annuities consist of:

	August 31,	
	2016	2015
Interest and dividend income	\$ 2,476	\$ 2,423
Net realized and unrealized gains and losses	3,987	(3,086)
Actuarial change	15,060	9,792
Annuity payments	(33,444)	(34,544)
	\$ (11,921)	\$ (25,415)

Investment fees are reported in net realized and unrealized gains and losses and are immaterial to the combined financial statements.

5. TRUST ASSETS:

Trust assets are as follows:

	August 31,	
	2016	2015
Trust assets:		
At fair value:		
Equity securities	\$ 28,629	\$ 39,247
Fixed-income securities	36,367	44,832
ETFs:		
Fixed-income funds	61,915	40,620
REITs	11,375	4,765
Growth	24,094	24,072
Value	29,323	17,106
Other	-	20,127
	191,703	190,769
At cost:		
Cash and cash equivalents	10,607	7,113
Certificates of deposit	9,707	9,707
	\$ 212,017	\$ 207,589

**NORTH AMERICAN BAPTISTS, INC.
AND NORTH AMERICAN BAPTISTS, INC. (CANADA)**

Notes to Combined Financial Statements

August 31, 2016 and 2015

5. TRUST ASSETS, continued:

Trust liabilities and change in value of trusts consist of:

	August 31,	
	2016	2015
Trust liabilities:		
Present value of charitable remainder trust payments	\$ 32,888	\$ 34,200
Amounts held for others	37,231	36,250
	\$ 70,119	\$ 70,450
Change in value of trusts:		
Interest and dividend income	\$ 7,600	\$ 5,986
Net realized and unrealized gains and losses	6,246	(9,103)
Actuarial change	331	7,932
Payments to beneficiaries	(9,419)	(9,759)
	\$ 4,758	\$ (4,944)

Investment fees are reported in net realized and unrealized gains and losses and are immaterial to the combined financial statements.

6. PROPERTY AND EQUIPMENT-NET:

Property and equipment consist of the following:

	August 31,	
	2016	2015
Land	\$ 265,000	\$ 265,000
Building	791,747	791,747
Furniture and equipment	372,662	340,532
	1,429,409	1,397,279
Less accumulated depreciation	(338,016)	(299,196)
Net investment in property and equipment	\$ 1,091,393	\$ 1,098,083

**NORTH AMERICAN BAPTISTS, INC.
AND NORTH AMERICAN BAPTISTS, INC. (CANADA)**

Notes to Combined Financial Statements

August 31, 2016 and 2015

7. NET ASSETS:

Net assets are consist of the following:

	August 31,	
	2016	2015
Unrestricted:		
Undesignated	\$ 365,025	\$ 471,127
Investment in property and equipment	1,091,393	1,098,083
Designated:		
Missions	6,854,002	6,625,977
Retirement	1,598,511	1,433,342
Operating reserve	1,264,221	1,244,756
Scholarship funds	344,099	303,250
Other designations	5,795	17,717
	11,523,046	11,194,252
Temporarily restricted:		
Missionaries	1,287,758	1,178,798
Retirement benefits	650,420	714,031
Special projects	686,538	410,209
Worldwide missions	226,005	390,308
Trust agreements	141,898	137,139
Scholarships	131,952	133,758
	3,124,571	2,964,243
	\$ 14,647,617	\$ 14,158,495

**NORTH AMERICAN BAPTISTS, INC.
AND NORTH AMERICAN BAPTISTS, INC. (CANADA)**

Notes to Combined Financial Statements

August 31, 2016 and 2015

8. TRANSACTIONS WITH AFFILIATES:

NAB's investments, trust, and annuity assets include CIF investment certificates, which totaled approximately \$3,828,000 and \$3,016,000 at August 31, 2016 and 2015, respectively. Interest income from the CIF investments totaled approximately \$47,000 and \$61,000 during the years ended August 31, 2016 and 2015, respectively.

The Executive Director is on the board of the Foundation, which was established in 2002. For the years ended August 31, 2016 and 2015, NAB contributed approximately \$66,000 and \$77,000, respectively, to the operating budget of the Foundation.

9. COMMITMENTS:

In January 2016, NAB entered into an agreement to lease an office in its building. The lease matures in January 2019. NAB recognized approximately \$18,000 of revenue from the lease for the year ended August 31, 2016. Future minimum leases to be received are as follows:

<u>August 31,</u>	
2017	\$ 25,635
2018	26,473
2019	<u>11,176</u>
	<u><u>\$ 63,284</u></u>

10. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the combined financial statements were available to be issued. Subsequent events after that date have not been evaluated.

SUPPLEMENTAL INFORMATION

AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

Executive Committee
North American Baptists, Inc.
and North American Baptists, Inc. (Canada)
Roseville, California

We have audited the combined financial statements of North American Baptists, Inc. and North American Baptists, Inc. (Canada) as of and for the years ended August 31, 2016 and 2015, and our report thereon dated December 16, 2016, which expressed an unmodified opinion on those combined financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining statements of financial position and activities is presented for purposes of additional analysis of the combined financial statements rather than to present the financial position and results of operations of the individual organizations, and it is not a required part of the combined 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 combined financial statements. The combining information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.



Pleasanton, California
December 16, 2016

**NORTH AMERICAN BAPTISTS, INC.
AND NORTH AMERICAN BAPTISTS, INC. (CANADA)**

Supplemental Combining Statements of Financial Position

	August 31,					
	2016			2015		
	NAB - US	NAB - Canada (in USD)	Total	NAB - US	NAB - Canada (in USD)	Total
ASSETS:						
Current assets:						
Cash and cash equivalents	\$ 531,284	\$ 659,745	\$ 1,191,029	\$ 586,124	\$ 472,465	\$ 1,058,589
Investments	8,646,229	3,651,929	12,298,158	8,318,230	3,386,086	11,704,316
Due to/from	91,057	(91,057)	-	71,369	(71,369)	-
Contributions receivable	22,118	-	22,118	-	37,885	37,885
Other receivables and assets	7,878	10,140	18,018	25,160	14,984	40,144
Assets held for others	-	166,421	166,421	860,256	236,544	1,096,800
	<u>9,298,566</u>	<u>4,397,178</u>	<u>13,695,744</u>	<u>9,861,139</u>	<u>4,076,595</u>	<u>13,937,734</u>
Annuity assets	105,662	-	105,662	132,643	-	132,643
Trust assets	212,017	-	212,017	207,589	-	207,589
Property and equipment-net	1,091,393	-	1,091,393	1,098,083	-	1,098,083
	<u>1,091,393</u>	<u>-</u>	<u>1,091,393</u>	<u>1,098,083</u>	<u>-</u>	<u>1,098,083</u>
Total Assets	<u>\$ 10,707,638</u>	<u>\$ 4,397,178</u>	<u>\$ 15,104,816</u>	<u>\$ 11,299,454</u>	<u>\$ 4,076,595</u>	<u>\$ 15,376,049</u>
LIABILITIES AND NET ASSETS:						
Current liabilities:						
Accounts payable	\$ 16,131	\$ -	\$ 16,131	\$ 39,501	\$ 3,253	\$ 42,754
Accrued expenses	101,117	3,545	104,662	60,899	1,725	62,624
Annuities payable	99,866	-	99,866	114,926	-	114,926
Trust liabilities	70,119	-	70,119	70,450	-	70,450
Amounts payable to others	-	166,421	166,421	690,256	236,544	926,800
	<u>287,233</u>	<u>169,966</u>	<u>457,199</u>	<u>976,032</u>	<u>241,522</u>	<u>1,217,554</u>
Total Net Assets	<u>10,420,405</u>	<u>4,227,212</u>	<u>14,647,617</u>	<u>10,323,422</u>	<u>3,835,073</u>	<u>14,158,495</u>
Total Liabilities and Net Assets	<u>\$ 10,707,638</u>	<u>\$ 4,397,178</u>	<u>\$ 15,104,816</u>	<u>\$ 11,299,454</u>	<u>\$ 4,076,595</u>	<u>\$ 15,376,049</u>

**NORTH AMERICAN BAPTISTS, INC.
AND NORTH AMERICAN BAPTISTS, INC. (CANADA)**

Supplemental Combining Statements of Activities

	Year Ended August 31,					
	2016			2015		
	NAB - US	NAB - Canada (in USD)	Total	NAB - US	NAB - Canada (in USD)	Total
REVENUE, SUPPORT, and RECLASSIFICATIONS:						
Contributions and bequests	\$ 2,362,286	\$ 1,794,292	\$ 4,156,578	\$ 2,366,807	\$ 1,937,307	\$ 4,304,114
Investment income	628,366	226,800	855,166	17,923	(51,495)	(33,572)
Other income	26,206	185	26,391	482,409	12,657	495,066
Change in value of annuities	(11,921)	-	(11,921)	(25,415)	-	(25,415)
Change in value of trusts	4,758	-	4,758	(4,944)	-	(4,944)
Intercompany transfers	488,101	(488,101)	-	528,324	(528,324)	-
Total Revenue, Support, and Reclassifications	3,497,796	1,533,176	5,030,972	3,365,104	1,370,145	4,735,249
EXPENSES:						
Program Services:						
Ministry outreach	2,521,939	1,080,440	3,602,379	2,227,107	1,232,292	3,459,399
Regional ministers	-	-	-	31,845	-	31,845
Education	105,831	9,173	115,004	290,067	13,701	303,768
Total Program Services	2,627,770	1,089,613	3,717,383	2,549,019	1,245,993	3,795,012
Supporting Activities:						
Management and general	590,389	43,693	634,082	657,513	24,317	681,830
Fund-raising	182,184	43,558	225,742	172,567	13,709	186,276
Total Supporting Activities	772,573	87,251	859,824	830,080	38,026	868,106
Total Expenses	3,400,343	1,176,864	4,577,207	3,379,099	1,284,019	4,663,118
Change in Net Assets before currency translation	97,453	356,312	453,765	(13,995)	86,126	72,131
Net Assets, Beginning of Year	10,323,422	3,835,073	14,158,495	10,337,544	4,589,020	14,926,564
Current year translation adjustment	(470)	35,827	35,357	(127)	(840,073)	(840,200)
Net Assets, End of Year	\$ 10,420,405	\$ 4,227,212	\$ 14,647,617	\$ 10,323,422	\$ 3,835,073	\$ 14,158,495