

TENNESSEE BAPTIST
CHILDREN'S HOMES, INC.

Financial Statements
With Independent Auditors' Report

October 31, 2021 and 2020

TENNESSEE BAPTIST CHILDREN'S HOMES, INC.

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Tennessee Baptist Children's Homes, Inc.
Brentwood, Tennessee

We have audited the accompanying financial statements of Tennessee Baptist Children's Homes, Inc., which comprise the statements of financial position as of October 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

The Board of Trustees
Tennessee Baptist Children's Homes, Inc.
Brentwood, Tennessee

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tennessee Baptist Children's Homes, Inc. as of October 31, 2021 and 2020, 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

Lawrenceville, Georgia
March 3, 2022

TENNESSEE BAPTIST CHILDREN'S HOMES, INC.

Statements of Financial Position

	October 31,	
	2021	2020
ASSETS:		
Cash and cash equivalents	\$ 2,479,097	\$ 3,119,357
Accounts receivable	271,349	192,630
Prepaid expenses and other assets	251,838	212,590
Funds held in custody for children	26,474	2,823
Deposits held by others	591,560	506,499
Property held for sale	667,081	653,849
Investments (Note 4)	12,633,490	10,935,070
Property, buildings, and equipment—net (Note 5)	6,466,838	5,900,541
Beneficial interest in trusts held by trustees (Note 6)	21,400,610	18,065,396
	<u>\$ 44,788,337</u>	<u>\$ 39,588,755</u>
Total Assets		
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 712,157	\$ 682,610
Accrued expenses and other liabilities	327,408	313,305
Funds held in custody for children	26,474	2,823
Post-retirement benefit obligation (Note 7)	869,264	792,314
Total liabilities	<u>1,935,303</u>	<u>1,791,052</u>
Net assets:		
Net assets without donor restrictions	14,058,888	12,145,778
Net assets with donor restrictions:		
Restricted by purpose or time	2,726,126	2,886,463
Restricted in perpetuity	26,068,020	22,765,462
	<u>28,794,146</u>	<u>25,651,925</u>
Total net assets	<u>42,853,034</u>	<u>37,797,703</u>
Total Liabilities and Net Assets	<u>\$ 44,788,337</u>	<u>\$ 39,588,755</u>

See notes to financial statements

TENNESSEE BAPTIST CHILDREN'S HOMES, INC.

Statement of Activities

Year Ended October 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING SUPPORT AND REVENUE:			
Cooperative Program allocation	\$ 1,481,556	\$ -	\$ 1,481,556
Contributions	4,255,903	419,087	4,674,990
Fundraising events revenue	77,546	-	77,546
Less cost of direct benefit to donors	(76,963)	-	(76,963)
Net revenues from fundraising events	583	-	583
Fundraising events contributions	-	131,248	131,248
Contributions and net revenue from fundraising events	583	131,248	131,831
Bequests	710,355	171,384	881,739
Noncash gifts	-	285,198	285,198
Investment income	1,722,191	35,084	1,757,275
Income from beneficial interest in trusts	514,440	1,540	515,980
Loss from sale of property	(381,367)	-	(381,367)
Other income	266,056	-	266,056
Net assets released from restrictions	1,236,534	(1,236,534)	-
Total Operating Support and Revenue	9,806,251	(192,993)	9,613,258
OPERATING EXPENSES:			
Program services:			
Residential care	4,462,838	-	4,462,838
Foster care	1,324,289	-	1,324,289
Family care	166,765	-	166,765
	5,953,892	-	5,953,892
Supporting activities:			
Management & general	1,322,904	-	1,322,904
Ministry advancement	514,838	-	514,838
	1,837,742	-	1,837,742
Total Operating Expenses	7,791,634	-	7,791,634
Change in Net Assets from Operating Activities	2,014,617	(192,993)	1,821,624
NONOPERATING ACTIVITIES:			
Contributions of beneficial interest in trusts	-	624,346	624,346
Change in value of beneficial interest in trusts	-	2,710,868	2,710,868
Other components of net periodic post retirement costs	(17,347)	-	(17,347)
Post-retirement related changes other than net periodic post-retirement costs	(84,160)	-	(84,160)
Change in Net Assets from Nonoperating Activities	(101,507)	3,335,214	3,233,707
Change in Net Assets	1,913,110	3,142,221	5,055,331
Net Assets, Beginning of Year	12,145,778	25,651,925	37,797,703
Net Assets, End of Year	\$ 14,058,888	\$ 28,794,146	\$ 42,853,034

See notes to financial statements

TENNESSEE BAPTIST CHILDREN'S HOMES, INC.

Statement of Activities

Year Ended October 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING SUPPORT AND REVENUE:			
Cooperative Program allocation	\$ 1,443,414	\$ -	\$ 1,443,414
Contributions	3,724,399	383,492	4,107,891
Fundraising events revenue	23,749	-	23,749
Less cost of direct benefit to donors	(42,871)	-	(42,871)
Net revenues from fundraising events	(19,122)	-	(19,122)
Fundraising events contributions	163,598	114,500	278,098
Contributions and net revenue from fundraising events	144,476	114,500	258,976
Bequests	1,532,853	139,503	1,672,356
Noncash gifts	-	272,580	272,580
Investment income	208,445	132,334	340,779
Income from beneficial interest in trusts	544,878	8,128	553,006
Other income	216,557	-	216,557
Net assets released from restrictions	762,424	(762,424)	-
Total Operating Support and Revenue	8,577,446	288,113	8,865,559
OPERATING EXPENSES:			
Program services:			
Residential care	4,498,552	-	4,498,552
Foster care	1,257,168	-	1,257,168
Family care	147,729	-	147,729
	5,903,449	-	5,903,449
Supporting activities:			
Management & general	1,317,115	-	1,317,115
Ministry advancement	508,769	-	508,769
	1,825,884	-	1,825,884
Total Operating Expenses	7,729,333	-	7,729,333
Change in Net Assets from Operating Activities	848,113	288,113	1,136,226
NONOPERATING ACTIVITIES:			
Contributions of beneficial interest in trusts	-	314,815	314,815
Change in value of beneficial interest in trusts	-	3,681	3,681
Other components of net periodic post retirement costs	(23,059)	-	(23,059)
Post-retirement related changes other than net periodic post-retirement costs	42,649	-	42,649
Change in Net Assets from Nonoperating Activities	19,590	318,496	338,086
Change in Net Assets	867,703	606,609	1,474,312
Net Assets, Beginning of Year:			
As Previously Reported	11,434,278	23,961,824	35,396,102
Prior Period Adjustment	(156,203)	1,083,492	927,289
As Restated	11,278,075	25,045,316	36,323,391
Net Assets, End of Year	\$ 12,145,778	\$ 25,651,925	\$ 37,797,703

See notes to financial statements

TENNESSEE BAPTIST CHILDREN'S HOMES, INC.

Statement of Functional Expenses

Year Ended October 31, 2021

	Program Services			Total Program Services	Management and General	Supporting Activities		Total Supporting Activities	Total Expenses
	Residential Care	Foster Care	Family Care			Ministry Advancement	Cost of Direct Benefit to Donors		
Payroll and related costs	\$ 2,587,551	\$ 1,016,606	\$ 145,837	\$ 3,749,994	\$ 1,031,170	\$ 286,677	\$ -	\$ 1,317,847	\$ 5,067,841
Activities, trips, and camps	5,789	-	-	5,789	-	-	-	-	5,789
Allowance and work program	19,329	-	-	19,329	-	-	-	-	19,329
Background verification	2,637	12,778	8	15,423	182	19	-	201	15,624
Board meetings	-	-	-	-	9,528	-	-	9,528	9,528
Christmas supplies & gift expenses	13,417	227	-	13,644	-	-	-	-	13,644
Clothing	26,736	-	-	26,736	-	-	-	-	26,736
Cottage outings and entertainment	30,998	-	-	30,998	-	-	-	-	30,998
Dues and memberships	1,793	580	5,000	7,373	4,025	3,000	-	7,025	14,398
Education	104,003	-	-	104,003	-	-	-	-	104,003
Equipment	86,231	19,353	-	105,584	1,433	153	-	1,586	107,170
Facility rental and food costs	-	-	-	-	-	-	76,963	76,963	76,963
Farm supplies & equipment	39,913	-	-	39,913	-	-	-	-	39,913
Food	175,131	46	-	175,177	-	-	-	-	175,177
Household goods	24,313	326	-	24,639	-	-	-	-	24,639
Insurance-general	151,590	21,304	1,551	174,445	56,339	1,029	-	57,368	231,813
Maintenance	274,167	33,395	-	307,562	4,842	1,532	-	6,374	313,936
Medical	30,307	25	-	30,332	-	-	-	-	30,332
Miscellaneous	856	275	1,055	2,186	9,517	16,212	-	25,729	27,915
Office	14,592	10,224	1	24,817	11,942	5,061	-	17,003	41,820
Personal hygiene supplies	8,791	-	-	8,791	-	-	-	-	8,791
Printing and publicity	-	1,128	-	1,128	-	71,187	-	71,187	72,315
Postage	2,013	228	3	2,244	911	30,764	-	31,675	33,919
Professional services	8,806	5,080	-	13,886	24,547	-	-	24,547	38,433
Public relations services	-	-	-	-	-	6,262	-	6,262	6,262
Recreation supplies	24,188	-	-	24,188	-	-	-	-	24,188
Rent	-	25,099	-	25,099	-	-	-	-	25,099
Training	9,833	5,769	773	16,375	9,968	1,174	-	11,142	27,517
Supplies	46,251	-	-	46,251	-	14,611	-	14,611	60,862
Taxes	37,309	-	-	37,309	108	-	-	108	37,417
Technology	33,141	27,451	217	60,809	25,628	52,608	-	78,236	139,045
Travel	3,403	77,788	1,007	82,198	7,676	9,496	-	17,172	99,370
Utilities	307,584	39,910	600	348,094	39,894	7,427	-	47,321	395,415
Vehicle maintenance	75,359	2,935	1,280	79,574	16,683	326	-	17,009	96,583
Total before depreciation	4,146,031	1,300,527	157,332	5,603,890	1,254,393	507,538	76,963	1,838,894	7,442,784
Depreciation	316,807	23,762	9,433	350,002	68,511	7,300	-	75,811	425,813
Less cost of direct benefits to donors included with revenue on the statement of activities	-	-	-	-	-	-	(76,963)	(76,963)	(76,963)
Total operating expenses	4,462,838	1,324,289	166,765	5,953,892	1,322,904	514,838	-	1,837,742	7,791,634
Other components of net periodic post-retirement costs	7,359	162	517	8,038	9,159	150	-	9,309	17,347
Total expenses	\$ 4,470,197	\$ 1,324,451	\$ 167,282	\$ 5,961,930	\$ 1,332,063	\$ 514,988	\$ -	\$ 1,847,051	\$ 7,808,981

See notes to financial statements

TENNESSEE BAPTIST CHILDREN'S HOMES, INC.

Statement of Functional Expenses

Year Ended October 31, 2020

	Program Services			Total Program Services	Management and General	Supporting Activities		Total Supporting Activities	Total Expenses
	Residential Care	Foster Care	Family Care			Ministry and Advancement	Cost of Direct Benefit to Donors		
Payroll and related costs	\$ 2,664,216	\$ 969,361	\$ 129,989	\$ 3,763,566	\$ 979,425	\$ 271,654	\$ -	\$ 1,251,079	\$ 5,014,645
Activities, trips, and camps	3,614	384	-	3,998	-	-	-	-	3,998
Allowance and work program	23,111	-	-	23,111	-	-	-	-	23,111
Background verification	1,602	10,869	8	12,479	163	15	-	178	12,657
Board meetings	-	-	-	-	9,497	-	-	9,497	9,497
Christmas supplies & gift expenses	10,553	1,266	-	11,819	-	-	-	-	11,819
Clothing	20,060	1,750	-	21,810	-	-	-	-	21,810
Cottage outings and entertainment	30,166	-	-	30,166	-	-	-	-	30,166
Dues and memberships	1,965	653	-	2,618	4,245	365	-	4,610	7,228
Education	111,775	-	-	111,775	-	-	-	-	111,775
Equipment	31,170	8,739	-	39,909	466	-	-	466	40,375
Facility rental and food costs	-	-	-	-	-	-	42,871	42,871	42,871
Farm supplies & equipment	23,973	-	-	23,973	-	-	-	-	23,973
Food	212,228	191	-	212,419	-	-	-	-	212,419
Household goods	29,213	-	-	29,213	-	-	-	-	29,213
Insurance-general	128,617	25,465	1,737	155,819	53,196	2,402	-	55,598	211,417
Maintenance	277,117	41,442	-	318,559	23,126	1,665	-	24,791	343,350
Medical	45,863	1,816	-	47,679	-	-	-	-	47,679
Miscellaneous	632	1,321	1,399	3,352	3,073	13,219	-	16,292	19,644
Office	14,499	10,164	6	24,669	14,513	5,354	-	19,867	44,536
Personal hygiene supplies	8,353	-	-	8,353	-	-	-	-	8,353
Printing and publicity	-	914	13	927	-	62,555	-	62,555	63,482
Postage	2,399	109	-	2,508	1,035	33,394	-	34,429	36,937
Professional services	4,487	16,521	-	21,008	38,128	-	-	38,128	59,136
Public relations services	-	-	-	-	-	18,763	-	18,763	18,763
Recreation supplies	20,530	-	-	20,530	-	-	-	-	20,530
Rent	-	18,850	-	18,850	-	-	-	-	18,850
Training	11,851	5,345	2,303	19,499	10,161	543	-	10,704	30,203
Supplies	37,881	604	-	38,485	-	22,796	-	22,796	61,281
Taxes	-	-	-	-	232	-	-	232	232
Technology	42,259	25,271	222	67,752	25,639	48,825	-	74,464	142,216
Travel	3,957	58,225	914	63,096	6,206	5,646	-	11,852	74,948
Utilities	295,603	30,543	600	326,746	45,955	7,950	-	53,905	380,651
Vehicle maintenance	61,667	3,694	1,105	66,466	10,715	6,178	-	16,893	83,359
Total before depreciation	4,119,361	1,233,497	138,296	5,491,154	1,225,775	501,324	42,871	1,769,970	7,261,124
Depreciation	379,191	23,671	9,433	412,295	91,340	7,445	-	98,785	511,080
Less cost of direct benefits to donors included with revenue on the statement of activities	-	-	-	-	-	-	(42,871)	(42,871)	(42,871)
Total operating expenses	4,498,552	1,257,168	147,729	5,903,449	1,317,115	508,769	-	1,825,884	7,729,333
Other components of net periodic post-retirement costs	11,474	127	565	12,166	10,761	132	-	10,893	23,059
Total expenses	\$ 4,510,026	\$ 1,257,295	\$ 148,294	\$ 5,915,615	\$ 1,327,876	\$ 508,901	\$ -	\$ 1,836,777	\$ 7,752,392

See notes to financial statements

TENNESSEE BAPTIST CHILDREN'S HOMES, INC.

Statements of Cash Flows

	Year Ended October 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 5,055,331	\$ 1,474,312
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	425,813	511,080
Loss on disposal of property, buildings and equipment	381,367	-
Investment gain	(1,644,137)	(179,871)
Change in value of beneficial interest in trusts	(2,710,868)	(3,681)
Donated property, buildings, and equipment	(80,708)	(78,931)
Contributions received for long-term purposes	(201)	(3,856)
Contributions of beneficial interest in trusts held by trustees	(624,346)	(314,815)
Changes in operating assets and liabilities:		
Accounts receivable	(78,719)	(58,807)
Prepaid expenses and other assets	(52,480)	(6,663)
Deposits held by others	(85,061)	(25,362)
Accounts payable	29,547	47,342
Accrued expenses and other liabilities	14,103	2,796
Post retirement benefit obligation	76,950	(56,356)
Net Cash Provided by Operating Activities	706,591	1,307,188
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(156,956)	(784,072)
Proceeds from sales of investments	102,673	179,806
Proceeds from sale of property, buildings, and equipment	67,914	-
Purchases of property, buildings, and equipment	(1,360,683)	(376,906)
Net Cash Used by Investing Activities	(1,347,052)	(981,172)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions received for long-term purposes	201	3,856
Net Cash Provided by Financing Activities	201	3,856
Net Change in Cash and Cash Equivalents	(640,260)	329,872
Cash and Cash Equivalents, Beginning of Year	3,119,357	2,789,485
Cash and Cash Equivalents, End of Year	\$ 2,479,097	\$ 3,119,357
NONCASH INVESTING ACTIVITIES:		
Property, buildings, and equipment acquired with accounts payable	\$ -	\$ 62,795

See notes to financial statements

TENNESSEE BAPTIST CHILDREN'S HOMES, INC.

Notes to Financial Statements

October 31, 2021 and 2020

1. NATURE OF ORGANIZATION:

The Tennessee Baptist Children's Homes, Inc. (TBCH), is an institution of the Tennessee Baptist Convention that provides free Christ-centered, nurturing homes for children in hard places across Tennessee.

TBCH's Residential Care program provides on-campus Christ-centered homes for children who are not in state custody and whose families cannot provide the care they need. Christian couples serve as house parents in these family-style homes for up to eight resident children, providing a safe environment in which children can thrive and be guided by biblical principles and direction.

Through TBCH's George Shinn Foster Care Program, the Children's Homes partners with Tennessee's Department of Children's Services to provide certified foster families and quality case management for children in state custody. TBCH provides these services at no cost to the State so that evangelical Christian couples may be carefully selected by TBCH to serve as foster parents. This allows children placed in these homes to be cared for physically as well as spiritually. This program includes training, support, direction, and advocacy for these homes by qualified and dedicated TBCH Foster Care Case Managers.

TBCH's Family Care program seeks to work with churches and other organizations to create a network of local resources in communities across the state. By connecting families to counseling services, parenting training, and other church ministries, this program changes the trajectory of families in need of these resources for the better.

TBCH's primary sources of support is contributions from churches (both directly and through the Cooperative Program of the Tennessee Baptist Convention). TBCH has received a determination letter that it is generally exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code (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. However, income from certain activities not directly related to TBCH's tax-exempt purpose is subject to taxation as unrelated business income. TBCH has concluded that it does not have any unrecognized tax benefits resulting from current or prior period tax positions. Accordingly, no additional disclosures have been made on the financial statements regarding the *Income Tax* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). TBCH does not have any outstanding interest or penalties, and none have been recorded in the statement of activities for the years ended October 31, 2021 and 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the statements to the reader.

TENNESSEE BAPTIST CHILDREN'S HOMES, INC.

Notes to Financial Statements

October 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ESTIMATES

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

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and deposits in banks. Cash equivalents also include, when applicable, short-term highly liquid debt securities that are both readily convertible to cash and have an original maturity of three months or less. TBCH maintains cash and cash equivalents in financial institutions which may, at times, exceed federally insured or protected limits. Deposits in excess of federally insured and protected limits were \$2,479,097 and \$2,902,253 at October 31, 2021 and 2020, respectively. TBCH has not experienced any losses on such accounts.

ACCOUNTS RECEIVABLE

Accounts receivable includes accrued interest income as well as outstanding Cooperative Program distributions from the Tennessee Baptist Convention, of which TBCH has an unconditional right to receive. Based upon past experience, management believes that all accounts receivable are fully collectible. Therefore, no allowance for doubtful accounts is recorded in the accompanying financial statements.

INVESTMENTS

Investments in stocks, mutual funds, and certificates of deposit are stated at fair value based upon quoted market prices. Other investments include insurance policies carried at cash surrender value. Donated investments are recorded at market value at the date of donation and thereafter carried in conformity with the stated policy.

Interest and dividend income and the realized and unrealized gain or loss on investments are reported in the statement of activities as investment income without donor restrictions unless a donor or law restricts its use for a period of time or in perpetuity.

PROPERTY, BUILDINGS, AND EQUIPMENT

Property, plant, and equipment are recorded at historical cost. Donated plant assets are recorded at fair market value determined at the date of the gift. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Estimated useful lives range from 5 to 40 years. TBCH capitalizes all purchases with a cost greater than \$5,000 and an expected useful life greater than one year.

TENNESSEE BAPTIST CHILDREN'S HOMES, INC.

Notes to Financial Statements

October 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

BENEFICIAL INTEREST IN TRUSTS HELD BY TRUSTEES

Beneficial interest in trusts represent funds held and administered by trustees in accordance with the terms of various trust instruments and include both residual and perpetual trusts. Residual trusts are structured to pay a remainder corpus amount in the future. Perpetual trusts are structured to pay ongoing income in the form of annual distributions, which are recorded as income from beneficial interest in trusts on the statements of activities.

CLASSES OF NET ASSETS

The financial statements report amounts separately by class of net assets:

Net assets without donor restrictions are not subject to donor-imposed stipulations, may be designated for specific purposes by action of TBCH's board of trustees, may otherwise be limited by contractual agreements with outside parties, or invested in property and equipment.

Net assets with donor restrictions are stipulated by donors for specific operating purposes or the acquisition of property and equipment, are time-restricted, or are required by donors to be held in perpetuity with investment return used for operations and other restricted purposes.

REVENUES, EXPENSES, AND RECLASSIFICATIONS

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to TBCH. Conditional promises to give with a measurable performance or other barrier and a right of return are not recognized until the conditions on which they depend have been met.

TBCH reports gifts of cash and other assets as restricted revenue if they are received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. All contributions are considered to be available for use without donor restrictions unless specifically restricted by the donor.

TBCH reports gifts of land, buildings, and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how those long-lived assets must be maintained, TBCH reports expirations of donor restrictions when donated or acquired assets have been placed in service.

TENNESSEE BAPTIST CHILDREN'S HOMES, INC.

Notes to Financial Statements

October 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

REVENUES, EXPENSES, AND RECLASSIFICATIONS, continued

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing the various program services and supporting activities are summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. Salaries, benefits and payroll taxes are allocated to the functions where time and effort are expended. Depreciation and other facility-related expenses are allocated based upon an analysis of usage of space. All other natural classifications presented in the statements of functional expenses are allocated based upon an analysis of the specific activities.

OPERATING AND NONOPERATING ACTIVITIES

The statements of activities presents the changes in net assets of TBCH from both operating activities and nonoperating activities. Operating revenues and expenses relate primarily to program services provided by TBCH. The portion of investment return appropriated for operations on long-term investments held for endowments and similar purposes under TBCH's total return spending policy is considered operating revenue. Activity with donor restrictions is not considered to be operating.

Nonoperating activities consist primarily of (a) other components of net periodic post-retirement costs, (b) post-retirement related changes other than net periodic post-retirement costs, (c) contributions of beneficial interest in trusts, and (d) the change in value of beneficial interest in trusts.

RECENTLY ADOPTED ACCOUNTING STANDARDS

In 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*. TBCH adopted the provisions of this new standard during the year ended October 31, 2021. The new standard applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition.

TBCH implemented ASU No. 2014-09 and its related amendments, and there was no adjustment to the presentation of program service revenue in the financial statements. Following the adoption of the ASU, TBCH continues to recognize revenue from customers as services are provided, which corresponds to the year in which the related program services are rendered. There was no material impact to the financial statements as a result of adoption. The ASU has been applied retrospectively to all periods presented, with no effect on net assets or previously issued financial statements.

TENNESSEE BAPTIST CHILDREN'S HOMES, INC.

Notes to Financial Statements

October 31, 2021 and 2020

3. LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following reflects TBCH's financial assets as of October 31, 2021 and 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. TBCH considers general expenditures to include all expenditures relating to its ongoing program activities relating to residential, family, and foster care. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	October 31,	
	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 2,479,097	\$ 3,119,357
Accounts receivable	271,349	192,630
Investments	12,633,490	10,935,070
Financial assets, at year-end	<u>15,383,936</u>	<u>14,247,057</u>
Less those unavailable for general expenditure within one year due to:		
Contractual or donor-imposed restrictions:		
Restricted by donors with purpose or time	(55,091)	(54,214)
Perpetual endowments and accumulated earnings subject to appropriation beyond one year	<u>(4,903,429)</u>	<u>(4,926,264)</u>
	<u>(4,958,520)</u>	<u>(4,980,478)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 10,425,416</u>	<u>\$ 9,266,579</u>

TBCH is also the beneficiary of various perpetual trusts created by donors, the assets of which are not in TBCH's possession. TBCH has legally enforceable rights or claims to the annual distributions from these assets, which are recorded as income from beneficial interests in trusts on the statement of activities. TBCH has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

TENNESSEE BAPTIST CHILDREN'S HOMES, INC.

Notes to Financial Statements

October 31, 2021 and 2020

4. INVESTMENTS:

Investments consist of:

	October 31,	
	2021	2020
Held at fair value:		
Mutual funds	\$ 6,432,484	\$ 4,756,192
Certificates of deposit	4,099,591	4,588,174
Money market funds	1,010,191	705,543
Interest in pooled funds of the Southern Baptist Foundation	357,733	311,596
Stocks	5,859	989
	11,905,858	10,362,494
Held at cost:		
Cash and cash equivalents	709,328	554,942
Cash surrender value of life insurance	18,304	17,634
	727,632	572,576
	\$ 12,633,490	\$ 10,935,070

Investments are held for the following purposes:

	October 31,	
	2021	2020
Held for operations	\$ 7,730,061	\$ 6,008,806
Held for endowments	4,903,429	4,926,264
	\$ 12,633,490	\$ 10,935,070

Investment income consists of:

	Year Ended October 31,	
	2021	2020
Dividends and interest, net of fees	\$ 113,138	\$ 160,908
Realized gains	287,424	487,802
Unrealized gains (losses)	1,356,713	(307,931)
	\$ 1,757,275	\$ 340,779

TENNESSEE BAPTIST CHILDREN'S HOMES, INC.

Notes to Financial Statements

October 31, 2021 and 2020

5. PROPERTY, BUILDINGS, AND EQUIPMENT—NET:

Property, buildings, and equipment—net consists of:

	October 31,	
	2021	2020
Land	\$ 2,847,962	\$ 3,290,436
Buildings	10,857,139	9,594,945
Improvements other than buildings	1,443,087	1,285,968
Furnishings and equipment	593,913	586,524
Other machinery and equipment	686,253	695,653
Vehicles	761,356	759,294
Construction in progress	195,718	273,457
	17,385,428	16,486,277
Less accumulated depreciation	(10,918,590)	(10,585,736)
	\$ 6,466,838	\$ 5,900,541

Land includes property held for use with a fair value at donation of \$1,724,504 received with a donor restriction that requires any sales proceeds to be used in Shelby County Tennessee.

TBCH has property held for sale with a basis totaling \$667,081 and \$653,849 as of October 31, 2021 and 2020, respectively. Property held for sale is in Shelby County and Bradley County Tennessee and consists of land and buildings formerly used for residential care and residential real estate lots received from an estate.

6. BENEFICIAL INTEREST IN TRUSTS HELD BY TRUSTEES:

TBCH records the following beneficial interest in trusts at their fair value as follows:

	October 31,	
	2021	2020
Residual trusts	\$ 147,040	\$ 114,183
Perpetual trusts held by outside trustees:		
Tennessee Baptist Foundation as trustee	16,095,839	13,429,411
Other trustees	5,157,731	4,521,802
	21,253,570	17,951,213
	\$ 21,400,610	\$ 18,065,396

TENNESSEE BAPTIST CHILDREN'S HOMES, INC.

Notes to Financial Statements

October 31, 2021 and 2020

7. EMPLOYEE BENEFITS:

DEFINED BENEFIT PLAN

TBCH provides retirement severance benefits to all retiring employees. In addition, TBCH provides post-retirement health care and term life insurance benefits to certain retired TBCH employees. These benefits will not be extended to current or future employees. In calculating the various components of the requirements, TBCH has assumed most employees will retire at age sixty-five. Life expectancies for each employee, as well as expected actual cost of premiums, were projected by the insurance provider. TBCH is financing the post-retirement benefits on a pay-as-you-go basis.

A summary of the post-retirement benefit obligation associated with TBCH's defined benefit plan is as follows:

	October 31,	
	2021	2020
Inactive retired participants	\$ 578,530	\$ 544,775
Active fully eligible participants	46,268	37,549
Other active participants	244,466	209,990
	\$ 869,264	\$ 792,314

The following tables provide a reconciliation of the changes in the post-retirement benefit obligation and the assumptions used in the actuarial calculations.

Benefit obligation at beginning of year:	\$ 792,314	\$ 848,670
Net periodic post-retirement costs	36,410	38,932
Post-retirement related changes other than net periodic post-retirement cost	84,160	(42,649)
Benefits paid	(43,620)	(52,639)
	\$ 869,264	\$ 792,314
Net periodic post-retirement cost, included in functional expenses:		
Service cost	\$ 19,063	\$ 15,873
Interest costs	17,347	23,059
Net periodic post-retirement cost other than service cost	17,347	23,059
	\$ 36,410	\$ 38,932

Net periodic post-retirement cost other than service cost is reported as other components of net periodic post-retirement cost on the statement of activities.

TENNESSEE BAPTIST CHILDREN'S HOMES, INC.

Notes to Financial Statements

October 31, 2021 and 2020

7. EMPLOYEE BENEFITS, continued:

DEFINED BENEFIT PLAN, continued

Post-retirement related changes other than net periodic post-retirement cost, included in nonoperating activities, are as follows:

	October 31,	
	2021	2020
Change in discount rate assumption	\$ 4,429	\$ 37,877
Change in other economic assumptions	7,409	13,235
Change in demographic assumptions	4,133	(11,069)
Actuarial (gain) loss	68,189	(82,692)
	\$ 84,160	\$ (42,649)

Assumptions are made using the weighted-average and assumed annual increases are as follows:

	October 31,	
	2021	2020
Discount rate	2.18%	2.24%
Projected health care trend rate (Post-65 Medical/Rx)	3.90% - 6.74%	3.90% - 7.00%
Ultimate rate-Post-65 (Medical/Rx)	3.90% - 4.90%	3.90% - 4.90%
Year ultimate trend rate is achieved	2028	2028
Future compensation levels	2.50%	2.00%

The mortality basis for the years ended October 31, 2021 and 2020, is based upon Pri-2012 projected from 2012 to 2021 using the MP-2021-GFR projection scale and Pri-2012 projected from 2012 to 2020 using the MP-2020 projection scale, respectively.

Future benefits are expected to be paid as follows:

Years Ending October 31,	Amounts
2022	\$ 87,856
2023	60,907
2024	84,117
2025	40,679
2026	39,924
2027-2031	366,223
	\$ 679,706

TENNESSEE BAPTIST CHILDREN'S HOMES, INC.

Notes to Financial Statements

October 31, 2021 and 2020

7. EMPLOYEE BENEFITS, continued:

RETIREMENT PLAN

TBCH participates in the retirement program of GuideStone Financial Resources. The plan is a defined contribution plan covering all full-time employees who have completed three years of paid denominational service. TBCH makes contributions to the plan on behalf of eligible employees in amounts equal to 12% of each employee's base salary. According to the plan's provisions, employees may also make certain contributions to the plan. All contributions made to the plan are immediately fully vested to the covered employees. Under the plan, the value of accumulated benefits is equal to the value of the assets. There is no unfunded value of accrued plan benefits. Retirement expense totaled \$259,164 and \$282,674 during the years ended October 31, 2021 and 2020, respectively.

DEFERRED COMPENSATION PLAN

TBCH has a non-elective deferred compensation plan to provide benefits payable to certain management employees at specific future dates, upon termination, retirement, death or disability. Total expense was \$41,246 and \$39,550 during the years ended October 31, 2021 and 2020, respectively. The related liability is included in accrued expenses and other liabilities on the statements of financial position.

8. NET ASSETS:

Net assets consist of:

	October 31,	
	2021	2020
Net assets without donor restrictions:		
Undesignated net assets	\$ 14,058,888	\$ 12,145,778
Net assets with donor restrictions:		
Restricted by purpose or time:		
Program restrictions	2,490,107	2,660,265
Accumulated earnings on endowments	88,979	112,015
Residual trusts, time restricted	147,040	114,183
	2,726,126	2,886,463
Restricted in perpetuity:		
Endowment funds	4,814,450	4,814,249
Perpetual trusts	21,253,570	17,951,213
	26,068,020	22,765,462
Total net assets with donor restrictions	28,794,146	25,651,925
Total net assets	\$ 42,853,034	\$ 37,797,703

TENNESSEE BAPTIST CHILDREN'S HOMES, INC.

Notes to Financial Statements

October 31, 2021 and 2020

9. ENDOWMENT FUNDS:

TBCH's endowment consists of individual funds established for a variety of purposes and includes donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The board of trustees of TBCH has interpreted the State of Tennessee's Uniform Prudent Management of Institutional Funds Act (SUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, TBCH classifies as net assets with donor restrictions in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions in perpetuity is classified as net assets with donor restrictions by purpose or time until those amounts are appropriated for expenditure by TBCH in a manner consistent with the standard of prudence prescribed by SUPMIFA.

In accordance with SUPMIFA, TBCH considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of TBCH and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of TBCH
7. The investment policies of TBCH

Endowment net asset composition by type of fund as of October 31, 2021:

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Gains	Original Gift	
Donor-restricted funds	\$ -	\$ 88,979	\$ 4,814,450	\$ 4,903,429

TENNESSEE BAPTIST CHILDREN'S HOMES, INC.

Notes to Financial Statements

October 31, 2021 and 2020

9. ENDOWMENT FUNDS, continued:

Changes in endowment net assets for year ended October 31, 2021:

	With Donor Restrictions		Total
	Accumulated Gains	Original Gift	
Endowment net assets, beginning of year	\$ 112,015	\$ 4,814,249	\$ 4,926,264
Investment return:			
Dividend and interest income	58,120	-	58,120
Net losses (realized and unrealized)	(23,036)	-	(23,036)
	35,084	-	35,084
Other changes:			
Contributions	-	201	201
Amounts appropriated for expenditure	(58,120)	-	(58,120)
	(58,120)	201	(57,919)
Endowment net assets, end of year	\$ 88,979	\$ 4,814,450	\$ 4,903,429

Endowment net asset composition by type of fund as of October 31, 2020:

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Gains	Original Gift	
Donor-restricted funds	\$ -	\$ 112,015	\$ 4,814,249	\$ 4,926,264

TENNESSEE BAPTIST CHILDREN'S HOMES, INC.

Notes to Financial Statements

October 31, 2021 and 2020

9. ENDOWMENT FUNDS, continued:

Changes in endowment net assets for year ended October 31, 2020:

	With Donor Restrictions		Total
	Accumulated Gains	Original Gift	
Endowment net assets, beginning of year	\$ 65,476	\$ 4,810,393	\$ 4,875,869
Investment return:			
Dividend and interest income	85,795	-	85,795
Net gains (realized and unrealized)	46,539	-	46,539
	132,334	-	132,334
Other changes:			
Contributions	-	3,856	3,856
Amounts appropriated for expenditure	(85,795)	-	(85,795)
	(85,795)	3,856	(81,939)
Endowment net assets, end of year	\$ 112,015	\$ 4,814,249	\$ 4,926,264

Return objectives and risk parameters:

TBCH's investment and spending policies for endowment assets attempt to provide a stream of funding for its programs. Endowment assets include those assets of donor-restricted funds that TBCH must hold in perpetuity. Under this policy, as approved by the board of trustees, the endowment assets are invested with the goals of high current return and preservation of capital. TBCH expects its endowment funds to provide the maximum attainable current yield while assuming a minimum level of investment risk.

Funds with deficiencies:

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SUPMIFA requires TBCH to retain as a fund of perpetual duration. There were no such individual donor-restricted endowment funds whose value fell below the level that the donor or SUPMIFA required as of October 31, 2021 and 2020.

Strategies employed for achieving objectives:

To satisfy its objectives, TBCH relies on a strategy in which investment returns are achieved through current yield (interest and dividends). TBCH does not invest in companies or industries whose known products, services, or practices are contrary to the beliefs or practices of Southern Baptists.

TENNESSEE BAPTIST CHILDREN'S HOMES, INC.

Notes to Financial Statements

October 31, 2021 and 2020

9. ENDOWMENT FUNDS, continued:

Spending policies and how the investment objectives relate to spending policy:

TBCH has a practice of appropriating the current earnings for distribution annually. In establishing this practice TBCH considered the critical need for annual income as well as the existence of non-endowment investments. This is consistent with TBCH objectives of achieving high current return and preservation of capital.

10. FAIR VALUE MEASUREMENTS:

The *Fair Value Measurements and Disclosure* topic of the FASB ASC establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. TBCH uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, TBCH 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.

Fair values of assets measured on a recurring basis as of October 30, 2021 and 2020, are as follows:

	Fair Value Measurements at October 31, 2021			
	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds	\$ 6,432,484	\$ -	\$ -	\$ 6,432,484
Certificates of deposit	4,099,591	-	-	4,099,591
Money market funds	1,010,191	-	-	1,010,191
Interest in pooled funds of the Southern Baptist Foundation	-	357,733	-	357,733
Stocks	5,859	-	-	5,859
Total investments	<u>\$ 11,548,125</u>	<u>\$ 357,733</u>	<u>\$ -</u>	<u>\$ 11,905,858</u>
Beneficial interest in trusts held by trustees	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,400,610</u>	<u>\$ 21,400,610</u>

TENNESSEE BAPTIST CHILDREN’S HOMES, INC.

Notes to Financial Statements

October 31, 2021 and 2020

10. FAIR VALUE MEASUREMENTS, continued:

	Fair Value Measurements at October 31, 2020			
	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds	\$ 4,756,192	\$ -	\$ -	\$ 4,756,192
Certificates of deposit	4,588,174	-	-	4,588,174
Money market funds	705,543	-	-	705,543
Interest in pooled funds of the Southern Baptist Foundation	-	311,596	-	311,596
Stocks	989	-	-	989
Total investments	\$ 10,050,898	\$ 311,596	\$ -	\$ 10,362,494
Beneficial interest in trusts held by trustees	\$ -	\$ -	\$ 18,065,396	\$ 18,065,396

Methods and assumptions used by TBCH in estimating fair values are as follows:

Mutual funds, certificates of deposit, and stocks—The fair value of these financial instruments is based upon quoted market prices or dealer quotes in an active market.

Interest in pooled funds of the Southern Baptist Foundation—The fair value of these financial instruments is based upon TBCH’s per share interest in the pooled fund as reported by the Southern Baptist Foundation. TBCH is able to redeem its investment in the pool at the reporting date.

Beneficial interest in trusts held by trustees—The fair value of beneficial interest in trusts held by others is based on the value of the University’s proportional share of the overall assets held by the other organizations.

Changes in valuation techniques—None.

TENNESSEE BAPTIST CHILDREN'S HOMES, INC.

Notes to Financial Statements

October 31, 2021 and 2020

10. FAIR VALUE MEASUREMENTS, continued:

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statements of financial position using significant unobservable (Level 3) inputs as of October 31, 2021 and 2020:

Beneficial interest in trusts held by trustees:	
Balance, November 1, 2020	\$ 18,065,396
Contributions of beneficial interest in trusts held by trustees	624,346
Change in value of beneficial interest in trusts	<u>2,710,868</u>
Balance, October 31, 2021	<u>\$ 21,400,610</u>
Beneficial interest in trusts held by trustees:	
Balance, November 1, 2019	\$ 17,746,900
Contributions of beneficial interest in trusts held by trustees	314,815
Change in value of beneficial interest in trusts	<u>3,681</u>
Balance, October 31, 2020	<u>\$ 18,065,396</u>

11. RELATED PARTY DISCLOSURE:

Tennessee Baptist Convention (Convention): The Convention is comprised of messengers from cooperating churches seeking to minister together for the purpose of carrying out the Great Commission. Tennessee Baptists, acting in Convention in 1894, by unanimous action, made TBCH an institution of the Convention, thereby committing the Convention to ministering to children. Since making this commitment, Tennessee Baptists have provided prayer support and financial resources to support TBCH in meeting the growing needs of children and families in crisis through Residential Care, Foster Care, Family Care, and adoption related services. The entities have entered into a covenant, committing to each other their mutual goals, aspirations, and desire to spread the gospel of Christ throughout Tennessee, North America, and the world.

The Convention supports TBCH through the Cooperative Program. TBCH relates to the Convention through the Tennessee Baptist Mission Board's Partner Ministries Committee, or its successor committee. TBCH supports the ministries of the Convention through promotion of Cooperative Program and through participation in those ministries. TBCH commits to the process of trustee selection established by the Convention.

TBCH is an autonomous nonprofit corporation, neither owned nor operated by the Convention. Governance of TBCH is vested in its board of trust in all matters.

TBCH received from the Tennessee Baptist Mission Board \$2,863,608 and \$2,502,843 in Cooperative Program and contributions for TBCH for the years ended October 31, 2021 and 2020, respectively.

TENNESSEE BAPTIST CHILDREN'S HOMES, INC.

Notes to Financial Statements

October 31, 2021 and 2020

11. RELATED PARTY DISCLOSURE, continued:

The Tennessee Baptist Foundation, an institution of the Convention, serves as trustee of funds and trusts in which TBCH has beneficial interests, as disclosed in Note 6.

TBCH received from the Tennessee Baptist Foundation \$393,198 and \$393,307 in income from trusts for the years ended October 31, 2021 and 2020, respectively.

12. COMMITMENTS AND CONTINGENCIES:

TBCH is licensed by the Tennessee Department of Children's Services (DCS) as a Residential Child Caring Agency and a Child-Placing Agency. Compliance, as evidenced by annual inspections, with Tennessee's legislative regulations is required for annual licensing renewal. TBCH also provides foster care services. The primary focus of TBCH's George Shinn Foster Care Program is a contract with DCS under which TBCH provides services to foster families and to the state-custody foster children in their care. TBCH does not receive compensation from the DCS for the services provided and the DCS makes foster care stipend payments directly to the foster families.

13. RISKS AND UNCERTAINTIES:

In March 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant declines and volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of TBCH for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

14. SUBSEQUENT EVENTS:

TBCH had property held for sale with a basis totaling \$667,081 as of October 31, 2021. Effective December 29, 2021, TBCH sold the property for \$4,100,000.

Subsequent to October 31, 2021, TBCH established a new entity, 1911 Corporation, to support the developing of the TBCH Brentwood campus. Effective February 2022, 1911 Corporation received an employer identification number as a for-profit domestic corporation and issued 1,000 common shares, all of which are held by TBCH.

Subsequent events have been evaluated through March 3, 2022, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.