GATEWAY SEMINARY OF THE SOUTHERN BAPTIST CONVENTION

Financial Statements
With Independent Auditor's Report

July 31, 2025 and 2024

GATEWAY SEMINARY OF THE SOUTHERN BAPTIST CONVENTION

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CAPINCROUSE
A DIVISION OF Carr, Riggs & Ingram

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Gateway Seminary of the Southern Baptist Convention
Ontario, California

Opinion

We have audited the accompanying financial statements of Gateway Seminary of the Southern Baptist Convention, which comprise the statements of financial position as of July 31, 2025 and 2024, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gateway Seminary of the Southern Baptist Convention as of July 31, 2025 and 2024, 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 for Opinion

We conducted our audits 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 Gateway Seminary of the Southern Baptist Convention and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 these 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 Gateway Seminary of the Southern Baptist Convention's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Board of Trustees
Gateway Seminary of the Southern Baptist Convention
Ontario, California

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 auditor's 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 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 purpose of expressing an opinion on the effectiveness of Gateway Seminary of the Southern Baptist Convention'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 Gateway Seminary of the Southern Baptist Convention’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.

Capin Crouse LLC

Ontario, California
October 24, 2025

GATEWAY SEMINARY OF THE SOUTHERN BAPTIST CONVENTION

Statements of Financial Position

	July 31, 2025	July 31, 2024
ASSETS:		
Cash and cash equivalents	$ 2,435,182	$ 4,152,105
Accounts receivable - net of allowance for credit losses ($127,549 and $127,548, respectively)	204,140	81,231
Prepaid expenses	553,535	318,660
Real estate held for sale	14,644,367	-
Assets held in trust	498,591	475,535
Notes receivable	1,842,500	2,106,512
Investments held for long-term purposes	69,189,815	62,973,401
Land, buildings, and equipment - net	40,050,242	49,600,208
Beneficial interest in split interest agreements	9,390,143	8,419,771
Total Assets	$ 138,808,515	$ 128,127,423
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	$ 402,514	$ 351,361
Accrued liabilities	471,895	330,689
Performance obligation liabilities	674,363	647,662
Trust liabilities	154,116	145,827
Post retirement benefit obligation	4,129,687	3,874,250
Total liabilities	5,832,575	5,349,789
Net assets:		
Without donor restrictions		
Undesignated	50,845,211	47,215,501
Quasi-endowment	40,223,998	38,768,817
	91,069,209	85,984,318
With donor restrictions	41,906,731	36,793,316
Total net assets	132,975,940	122,777,634
Total Liabilities and Net Assets	$ 138,808,515	$ 128,127,423

See notes to financial statements

GATEWAY SEMINARY OF THE SOUTHERN BAPTIST CONVENTION

Statements of Activities

	Year Ended July 31,					
	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND RECLASSIFICATIONS:						
Tuition and fees - net	$ 3,645,213	$ -	$ 3,645,213	$ 3,718,184	$ -	$ 3,718,184
Contributions	168,800	3,873,818	4,042,618	934,807	1,469,647	2,404,454
Southern Baptist Cooperative Program	3,768,909	-	3,768,909	3,631,171	-	3,631,171
Contributions of non-financial assets	5,562,419	-	5,562,419	-	-	-
Interest and dividends	89,158	1,019,609	1,108,767	387,072	835,548	1,222,620
Appropriations	1,650,025	-	1,650,025	1,768,654	-	1,768,654
Auxiliary enterprises	610,956	-	610,956	579,911	-	579,911
Other revenue and income	150,175	-	150,175	134,639	-	134,639
Net assets released from restrictions	2,391,493	(2,391,493)	-	2,225,330	(2,225,330)	-
	18,037,148	2,501,934	20,539,082	13,379,768	79,865	13,459,633
OPERATING EXPENSES:						
Instructional	5,533,490	-	5,533,490	5,390,622	-	5,390,622
Academic support	1,498,578	-	1,498,578	1,508,428	-	1,508,428
Institutional support	3,543,220	-	3,543,220	3,522,025	-	3,522,025
Student services	1,345,854	-	1,345,854	1,219,158	-	1,219,158
Auxiliary enterprises	576,106	-	576,106	457,638	-	457,638
	12,497,248	-	12,497,248	12,097,871	-	12,097,871
Change in Net Assets from Operations	5,539,900	2,501,934	8,041,834	1,281,897	79,865	1,361,762

(continued)

See notes to financial statements

GATEWAY SEMINARY OF THE SOUTHERN BAPTIST CONVENTION

Statements of Activities
(continued)

	Year Ended July 31,					
	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
NON-OPERATING:						
Net realized and unrealized gains on marketable securities	2,789,451	1,999,273	4,788,724	3,554,458	2,385,641	5,940,099
Quasi-endowment income and capital gains	1,268,506	-	1,268,506	831,069	-	831,069
Appropriations	(1,650,025)	-	(1,650,025)	(1,768,654)	-	(1,768,654)
Other components of net periodic pension cost	(893,963)	-	(893,963)	67,011	-	67,011
Gain on value of beneficial interest	-	597,441	597,441	-	538,902	538,902
Gain on value of split-interest agreements	-	14,767	14,767	-	18,782	18,782
Depreciation expense	(1,958,057)	-	(1,958,057)	(1,929,459)	-	(1,929,459)
Other losses	(10,921)	-	(10,921)	(43,971)	-	(43,971)
Total Non-Operating	(455,009)	2,611,481	2,156,472	710,454	2,943,325	3,653,779
Change in Net Assets	5,084,891	5,113,415	10,198,306	1,992,351	3,023,190	5,015,541
Net Assets, Beginning of Year	85,984,318	36,793,316	122,777,634	83,991,967	33,770,126	117,762,093
Net Assets, End of Year	$ 91,069,209	$ 41,906,731	$ 132,975,940	$ 85,984,318	$ 36,793,316	$ 122,777,634

See notes to financial statements

GATEWAY SEMINARY OF THE SOUTHERN BAPTIST CONVENTION

Statements of Cash Flows

	Year Ended July 31, 2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 10,198,306	$ 5,015,541
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,958,057	1,929,459
Net realized and unrealized gains on investments	(4,788,724)	(5,940,099)
Contributions of non-financial assets	(5,562,419)	-
Change in beneficial interest in split interest agreements	(597,441)	(538,902)
Change in value of trusts	(14,767)	(18,782)
Contributions received for endowment purposes	(2,758,141)	(242,940)
Changes in operating assets and liabilities:		
Accounts receivable	(122,909)	(42,120)
Prepaid expenses	(234,875)	(82,043)
Accounts payable	51,153	66,828
Accrued liabilities	141,206	(81,850)
Performance obligation liabilities	26,701	226,649
Post retirement benefit obligation	255,437	(473,601)
Net Cash Used by Operating Activities	(1,448,416)	(181,860)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(1,490,039)	(1,210,196)
Issuance of notes receivable	-	(320,000)
Collections on notes receivable	264,012	335,988
Purchases of investments	(6,855,639)	(3,135,222)
Proceeds from sale of investments	5,055,018	5,414,470
Sale of trust investments for distributions to beneficiaries	-	41,126
Net Cash Provided (Used) by Investing Activities	(3,026,648)	1,126,166
CASH FLOWS FROM FINANCING ACTIVITIES:		
Distributions to trust beneficiaries	-	(41,126)
Contributions received for endowment purposes	2,758,141	242,940
Net Cash Provided by Financing Activities	2,758,141	201,814
Change in Cash and Cash Equivalents	(1,716,923)	1,146,120
Cash and Cash Equivalents, Beginning of Year	4,152,105	3,005,985
Cash and Cash Equivalents, End of Year	$ 2,435,182	$ 4,152,105
SUPPLEMENTAL DISCLOSURE:		
Transfer of land, building, and improvements to real estate held for sale	$ 8,443,002	$ -

See notes to financial statements

GATEWAY SEMINARY OF THE SOUTHERN BAPTIST CONVENTION

Notes to Financial Statements

July 31, 2025 and 2024

1. NATURE OF ORGANIZATION:
   Gateway Seminary of the Southern Baptist Convention (the Seminary), a nonprofit California corporation, provides graduate level religious education in the western United States of America. The Seminary is accredited by two accrediting bodies: 1) The Association of Theological Schools (ATS) in the United States and Canada; and 2) The Western Association of Schools and Colleges (WASC). Currently, the Seminary offers seven diploma programs, eight masters level degrees, and two doctoral degrees.

   The Seminary's main campus is in Ontario, California. The Seminary also has the following campuses: the Bay Area Campus which is located in Fremont, California; the Pacific Northwest Campus in Vancouver, Washington; the Arizona Campus in Phoenix, Arizona; and the Rocky Mountain Campus in Denver, Colorado.

   The Seminary is governed by a Board of Trustees elected by the Southern Baptist Convention (the Convention). The Seminary is listed as an organization under the Convention's Group Exemption No. 1674. The Seminary is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (Code). The Seminary's federal tax identification number is 94-1294918. However, the Seminary is subject to federal income tax on any unrelated business taxable income. Contributions by the public are deductible for income tax purposes.

   It is also exempt from state income taxes and is designated as a Church by the State of California Franchise Tax Board. The Seminary's corporate identification number for the State of California is #C0232285. In addition, the Seminary maintains corporate status in the following states: 1) Arizona - #F07504884, 2) Colorado - #19961093746 and 3) Washington - UBI #601793525.

   The Seminary has been classified as a publicly supported organization, which is not a private foundation under Section 509(a) of the Code. Income for the Seminary primarily consists of contributions, tuition, and fees.

   The Seminary owns one additional corporation; the Golden Gate Housing and Development Corporation. This corporation had no activity in the years ended July 31, 2025 and 2024. The Seminary also has reserved the following names for doing business: 1) Gateway Seminary and 2) Golden Gate Baptist Theological Seminary.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:
   The financial statements of the Seminary have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). A summary of the significant accounting policies are described below to enhance the usefulness of the financial statements to the reader. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to allowance for credit losses, depreciation of property and equipment, actuarial present value calculations for annuities and trusts, valuation of investments held at fair value, allocation of expenses on a functional basis, and discount rate on accumulated post-retirement obligation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CASH AND CASH EQUIVALENTS
The Seminary considers cash on hand and cash on deposit to be cash and cash equivalents. The Seminary maintains its cash accounts with various financial institutions. Cash balances are insured by federal insurance up to $250,000, per bank. At July 31, 2025 and 2024, the Seminary had cash balances that exceeded the balance insured by the FDIC by approximately $2,115,000 and $3,990,000, respectively.

ACCOUNTS RECEIVABLE
The Seminary grants credit for tuition to certain students, with typical payment terms being due monthly within the semesters. Resulting accounts receivable are stated at the principal amount outstanding, net of an allowance for credit losses. An allowance for credit losses is established through a charge to expense and is based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions. Receivables are charged against the allowance for credit losses when management believes that collectability is unlikely. Accounts receivable as of August 1, 2024 were approximately $39,000.

REAL ESTATE HELD FOR SALE
Real estate held for sale includes two real properties. During the year ended July 31, 2025, the Seminary placed real estate in Freemont, California, up for sale. The real estate is held at the lower of cost or fair value, less estimated selling costs. The Seminary entered into a sale agreement with a selling price of $10,000,000 and a scheduled closing date in June 30, 2026. The Seminary was also contributed real estate in Huntington Beach, California during the year ended July 31, 2025. The property is currently being marketed for sale and reported as real estate held for sale. The real estate is held at the lower of cost or fair value, less estimated selling costs. The property is not being depreciated.

ASSETS HELD IN TRUST AND TRUST LIABILITIES
As trustee, the Seminary administers a trust that provides for the payment of lifetime distributions to the grantor or other designated beneficiaries. The associated trust liability is revalued annually using the federal mortality and discount factors used at inception. Included in the trust liability is the actuarially determined present value of future payments to beneficiaries. The discount rate used for the years ended July 31, 2025 and 2024, was 9%.

INVESTMENTS
Investments consist of an invested interest in various pooled investment funds, as well as other equity, bond, private alternatives and real estate funds. Investments in the pooled investment funds and investments in private equity are carried at the net asset value of the underlying investments. Other investments are stated at fair value. Investment income, consisting of interest and dividends and realized and unrealized gains and losses, is allocated to net assets with restrictions if stipulated by the donor. Income from pooled investments is allocated on the basis of carrying values, adjusted for additions and withdrawals. Church bonds are reported at fair value, as determined by management's assessment of the net realizable value. Investment fees were approximately $311,000 and $264,000, during the year ended July 31, 2025 and 2024, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

LAND, BUILDINGS, AND EQUIPMENT
Property and equipment are recorded at cost. Repairs and maintenance is expensed as incurred. Donated land, buildings, and equipment are recorded at fair market value on the date of the gift. It is the policy of the Seminary to capitalize any property and equipment over $1,000. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

Land and construction in progress	N/A
Buildings and improvements	3-39 years
Furniture, fixtures, and equipment	3-20 years
Library books and films	5 years

BENEFICIAL INTEREST IN SPLIT INTEREST AGREEMENTS
Beneficial interest in split interest agreements reflect amounts held by third party trustees in which the Seminary has been named a beneficiary. These amounts are the expected future benefit to be received as a result of the trust agreements as well as amounts that are held in perpetuity by the third party trustees.

PERFORMANCE OBLIGATION LIABILITIES
Performance obligation liabilities consist primarily of unearned tuition; deposits received in advance for the following school year. Performance obligation liabilities as of August 1, 2024 were approximately $421,000.

NET ASSETS
The financial statements report amounts by class of net assets:

Net assets without donor restrictions are those currently available at the discretion of the board for use in the Seminary's operations or designated for specific purposes.

Net assets with donor restrictions are those which are stipulated by donors for specific operating purposes, for capital projects or are time restricted. Additionally, net assets with donor restrictions includes investments restricted in perpetuity. The income from these assets is available for either general operations or specific programs as specified by the donor.

Contributions are recorded, as with donor restrictions, if they are received with stipulations that limit their use through purpose and/or time restrictions. When donor restrictions expire, that is when the purpose restriction is fulfilled or the time restrictions expire, the net assets are reclassified from with donor restrictions to without donor restrictions and reported in the statements of activities as net assets released from restrictions. For contributions restricted by donors for the acquisition of property or other long-lived assets, the restriction is considered to be met when the property or other long-lived asset is placed in service.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND EXPENSES
Tuition and fees for the Seminary are recognized as revenue in the year in which the academic programs are delivered at the standard catalog rate less scholarships and discounts. Any amounts received prior to the year services are provided are recorded as performance obligation liabilities.

Tuition is reflected net of student scholarships and tuition discounts for Seminary employees and their dependents. Student scholarships were approximately $884,000 and $698,000, and tuition discounts were approximately $84,000 and $82,000, for the years ended July 31, 2025 and 2024.

Contributions and Southern Baptist Cooperative Program revenue are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly removed the conditions. The Seminary receives contributions of non-financial assets that are recorded as support at the estimated fair market value on the date of the gift. Goods given to the Seminary that do not have an objective basis for valuation are not recorded.

Auxiliary enterprises consists primarily of fees from student housing that are recognized over time and café sales that are recognized at a point in time, which is when the goods or service is provided. Amounts received in advance are reported as performance obligation liabilities until earned.

Investment income (which consists of interest and dividends, net realized and unrealized gains on marketable securities, quasi-endowment income and capital gains) is recorded on the accrual basis as earned. Other revenue and income primarily consists of miscellaneous income from various sources and is recognized at the point it is earned.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

REVENUE CONCENTRATION
During the year ended July 31, 2025 and 2024, the Seminary received approximately 18% and 27% of its operating revenue from the Southern Baptist Cooperative Program.

OPERATING AND NON-OPERATING
Revenues, expenses, gains, and losses are allocated between operating and non-operating based on the underlying influence, control, and discretion of management. Accordingly, operating revenue includes tuition and fees, contributions, contributions of non-financial assets, quasi-endowment appropriations, interest and dividends, Southern Baptist Convention allocations, and auxiliary enterprises, but does not include realized and unrealized gains and losses on marketable securities. Operating expenses include salaries and wages, facility costs, supplies, and professional services, but do not include bad debts, gain on value of beneficial interest in split interest agreements, change in other components of post retirement benefit obligation, and depreciation.

3. ASSETS HELD IN TRUST:

Assets held in trust consist of:

	July 31, 2025	July 31, 2024
Money market funds	$ 8,802	$ 16,450
Equity funds	371,284	365,862
Fixed income	118,505	93,223
	$ 498,591	$ 475,535

Assets held in trust have been included in the fair value hierarchy table at Note 6.

4. NOTES RECEIVABLE:

Notes issued under the Home Purchase Assistance (HPA) program help faculty and certain staff purchase or refinance a home in the area. With the assistance of the Southern Baptist Convention, the Seminary has established a cost-of-living endowment for this purpose. Eligible employees are full-time trustee-elected faculty and administration. The president approves eligible employees for participation in the HPA.

The HPA program is a combination loan and equity share agreement, with the borrower retaining full title to the property. During the first five years, the note carries a fixed interest rate and principal can be repaid. At the end of five years, the borrower may pay off the note. The note converts to a shared equity agreement after five years, at which time the Seminary shares in either the gain or loss from the disposition of the property based on the percentage the original note was to the purchase price. Interest at the rate of 2% is payable annually. The notes are secured by trust deeds and payable upon maturity, ranging from January 2029 to May 2054. The Seminary may exercise the option to accelerate the maturity date as a result of the following events: 1) termination of employment or 2) the death of the borrower. At the time of sale or disposition of the home, additional interest computed on the increase in the value of the property, not to exceed 10% per annum is due. There were no notes in default, as of July 31, 2025 or 2024.

Equity participation notes receivable are carried at cost net of any anticipated losses due to uncollectible amounts or settlement of notes. Allowances for impaired notes receivable are determined based on collateral values or the present value of estimated cash flows. As of July 31, 2025 and 2024, there were no allowances for credit losses due to the high collectability experienced by the Seminary.

5. INVESTMENTS:

Investments consist of:

	July 31, 2025	July 31, 2024
Investment in pooled funds held by:		
Commonfund	$ 18,900,575	$ 19,578,506
Baptist Foundation of California	7,325,110	6,651,487
Equity funds	27,067,615	23,137,789
Fixed income	8,017,428	6,556,375
Private equity	6,389,734	5,930,854
Church bond funds	869,765	829,504
Short-term funds (money market)	577,810	249,777
Other	41,778	39,109
	$ 69,189,815	$ 62,973,401

Included in the multi-strategy funds and fixed income held by Commonfund are limited amounts of non-readily marketable investments including limited partnerships. Because these investments are part of the entire portfolio, there are no specific amounts identified. Investments with no readily determinable market value are reported at fair value using estimated market value when no ready market exists. Estimated market value is based on reasonable valuation methodologies including items such as appraisals and recent offering prices.

6. FAIR VALUE MEASUREMENTS:

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
- observable; or
- can be corroborated by observable market data.

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

6. FAIR VALUE MEASUREMENTS, continued:

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

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at July 31, 2025 and 2024.

Equity funds and other: Valued at the closing price reported on the active market on which the individual securities are traded.

Fixed income and Church bond funds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Beneficial interest in split interest agreements - The fair value of beneficial interest in split interest agreements is based on the value of the Seminary's proportional share of the overall assets held by other organizations.

Investment in pooled funds held by Commonfund and The Baptist Foundation of California - The fair value of these financial instruments is based upon the Seminary's per share interest in the pooled funds as reported by Commonfund and The Baptist Foundation of California. The Seminary is able to redeem its investment in the pool at the reporting date. Investments held at The Baptist Foundation of California represent assets held at a denominational foundation.

Private equity: Valued based on Net Asset Value (NAV) per share or unit as a practical expedient as reported by the fund manager, multiplied by the number of shares or units held as of the measurement date. Accordingly, the NAV based investments have been excluded from the fair value hierarchy leveling.

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

6. FAIR VALUE MEASUREMENTS, continued:

The table below presents the level within the fair value hierarchy at which investments held for long term purposes, assets held in trust, and beneficial interest in split interest agreements are measured at July 31, 2025:

	Total	Level 1	Level 2	Level 3
Equity funds:				
Small cap	$ 2,152,440	$ 2,152,440	$ -	$ -
Large cap	14,251,481	14,251,481	-	-
International equity	11,076,757	11,076,757	-	-
Fixed income:				
Corporate bonds	3,524,549	-	3,524,549	-
Government bonds	801,928	801,928	-	-
Global bonds	3,330,917	-	3,330,917	-
Strategic alternatives fund	478,539	-	478,539	-
Denominational foundation assets:				
Baptist Foundation of California	7,325,110	-	7,325,110	-
Church bond funds	869,765	-	869,765	-
Beneficial interest in split interest agreements	9,390,143	-	-	9,390,143
	$ 53,201,629	$ 28,282,606	$ 15,528,880	$ 9,390,143
Investments held at net asset value				
Investment in pooled funds held by:				
Commonfund	18,900,575			
Private equity	6,389,734			
	78,491,938			
Money market funds	586,611			
Total	$ 79,078,549			

6. FAIR VALUE MEASUREMENTS, continued:

The table below presents the level within the fair value hierarchy at which investments held for long term purposes, assets held in trust, and beneficial interest in split interest agreements are measured at July 31, 2025:

Investments held for long-term purposes	$ 69,189,815
Assets held in trust	498,591
Beneficial interest in split interest agreements	9,390,143
Total	$ 79,078,549

The table below presents the level within the fair value hierarchy at which investments held for long term purposes, assets held in trust, and beneficial interest in split interest agreements are measured at July 31, 2024:

	Total	Level 1	Level 2	Level 3
Equity funds:				
Small cap	$ 1,989,867	$ 1,989,867	$ -	$ -
Mid cap	43,943	43,943	-	-
Large cap	12,007,975	12,007,975	-	-
Defensive market strategies	338,894	338,894	-	-
International equity	9,161,481	9,161,481	-	-
Fixed income:				
Corporate bonds	2,634,712	-	2,634,712	-
Government bonds	988,529	988,529	-	-
Global bonds	2,687,497	-	2,687,497	-
Strategic alternatives fund	338,450	-	338,450	-
Denominational foundation assets:				
Baptist Foundation of California	6,651,487	-	6,651,487	-
Church bond funds	829,504	-	829,504	-
Beneficial interest in split interest agreements	8,419,771	-	-	8,419,771
	$ 46,092,110	$ 24,530,689	$ 13,141,650	$ 8,419,771

6. FAIR VALUE MEASUREMENTS, continued:

The table below presents the level within the fair value hierarchy at which investments held for long term purposes, assets held in trust, and beneficial interest in split interest agreements are measured at July 31, 2024:

Investments held at net asset value	
Investment in pooled funds held by:	
Commonfund	19,578,506
Private equity	5,930,854
	71,601,470
Money market funds	267,237
Total	$ 71,868,707

Investments held for long-term purposes	$ 62,973,401
Assets held in trust	475,535
Beneficial interest in split interest agreements	8,419,771
Total	$ 71,868,707

6. FAIR VALUE MEASUREMENTS, continued:

The Seminary uses NAV to determine the fair value for all private alternative investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have attributes of an investment company. The Seminary's unfunded commitments will be paid by liquidating an investment class in the event of any capital calls. The following table lists investments in other investment companies (in partnership format) by major category at July 31, 2025:

Investment Category	Strategy	Fair Value Determined Using NAV	$ Amount of Unfunded Commitments	Timing to Draw Down Commitments	Redemption Terms	Redemption Restrictions	Redemption Restrictions in Place at Year End
Private Equity Funds	Private Equity	$ 1,634,438	$ 308,666	NA	No ability to be redeemed.	NA	NA
Hedge Funds	Multi-strategy	1,096,358	-	NA	Redeemable quarterly with 65 days notice.	25% redemption limit each quarter.	NA
Private Infrastructure	Value-Add Private Infrastructure	956,216	285,000	NA	Upon maturity at November 2033.	Balance has a lockup based on life of equity.	NA
Private Debt	Direct Lending	739,484	135,000	NA	Upon maturity at December 2028.	Balance has a lockup based on life of equity.	NA

(continued)

6. FAIR VALUE MEASUREMENTS, continued:

The following table lists investments in other investment companies (in partnership format) by major category at July 31, 2025:

Investment Category	Strategy	Fair Value Determined Using NAV	$ Amount of Unfunded Commitments	Timing to Draw Down Commitments	Redemption Terms	Redemption Restrictions	Redemption Restrictions in Place at Year End
Private Real Estate	Private Real Estate Debt	681,642	233,000	NA	Upon maturity at December 2028.	Balance has a lockup based on life of equity.	NA
Hedge Funds	Structured Credit	632,533	-	NA	Redeemable quarterly with 65 days notice.	NA	NA
Private Equity Funds	Private Equity	436,776	38,960	NA	Upon maturity at June 2034.	Balance has a lockup based on life of equity.	NA
Private Equity Funds	Venture Capital	212,287	236,142	NA	Upon maturity at December 2030.	Balance has a lockup based on life of equity.	NA
		$ 6,389,734	$ 1,236,768				

6. FAIR VALUE MEASUREMENTS, continued:

The following table lists investments in other investment companies (in partnership format) by major category at July 31, 2024:

Investment Category	Strategy	Fair Value Determined Using NAV	$ Amount of Unfunded Commitments	Timing to Draw Down Commitments	Redemption Terms	Redemption Restrictions	Redemption Restrictions in Place at Year End
Private Equity Funds	Private Equity	$ 1,678,024	$ 308,907	NA	No ability to be redeemed.	NA	NA
Hedge Funds	Multi-strategy	1,006,920	-	NA	Redeemable quarterly with 65 days notice.	25% redemption limit each quarter.	NA
Private Infrastructure	Value-Add Private Infrastructure	781,678	375,000	NA	Upon maturity at November 2033.	Balance has a lockup based on life of equity.	NA
Private Debt	Direct Lending	741,653	135,000	NA	Upon maturity at December 2028.	Balance has a lockup based on life of equity.	NA

(continued)

6. FAIR VALUE MEASUREMENTS, continued:
The following table lists investments in other investment companies (in partnership format) by major category at July 31, 2024:

Investment Category	Strategy	Fair Value Determined Using NAV	$ Amount of Unfunded Commitments	Timing to Draw Down Commitments	Redemption Terms	Redemption Restrictions	Redemption Restrictions in Place at Year End
Private Real Estate	Private Real Estate Debt	671,190	283,000	NA	Upon maturity at December 2028.	Balance has a lockup based on life of equity.	NA
Hedge Funds	Structured Credit	576,123	-	NA	Redeemable quarterly with 65 days notice.	NA	NA
Private Equity Funds	Private Equity	389,572	75,473	NA	Upon maturity at June 2034.	Balance has a lockup based on life of equity.	NA
Private Equity Funds	Venture Capital	85,694	336,000	NA	Upon maturity at December 2030.	Balance has a lockup based on life of equity.	NA
		$ 5,930,854	$ 1,513,380				

7. LAND, BUILDINGS, AND EQUIPMENT - NET:

Land, buildings, and equipment - net consist of:

	July 31, 2025	July 31, 2024
Buildings and improvements	$ 45,149,015	$ 52,236,470
Furniture, fixtures, and equipment	8,371,046	7,603,761
Library books and films	1,816,129	1,804,619
	55,336,190	61,644,850
Less accumulated depreciation	(18,853,555)	(18,512,249)
	36,482,635	43,132,601
Land	3,546,606	6,446,606
Construction in progress	21,001	21,001
	$ 40,050,242	$ 49,600,208

8. PENSION PLAN:

All full-time employees are eligible to participate in a defined contribution retirement plan (the Plan), under Code Section 403(b). The Plan is administered by GuideStone and operates as a multi-employer plan. The Plan is noncontributory for employees, and employer contributions are 10% of each participant's annual earnings after three years of continuous service with either the Seminary or another entity operating under the oversight of the Southern Baptist Convention. Pension expense for the years ended July 31, 2025 and 2024 was approximately $414,000 and $422,000, respectively.

9. POST RETIREMENT BENEFIT OBLIGATION:

Substantially all Seminary employees are eligible for certain post retirement health and supplemental benefits at normal retirement age if working for the Seminary at such date. There are no plan assets because the Seminary has not funded a trust in conjunction with such benefits, and pays such post retirement benefit costs on a pay-as-you-go basis. At July 31, 2025 and 2024, the Seminary had recorded a benefit obligation of approximately $4,130,000 and $3,874,000, respectively, in the statements of financial position. During the year ended July 31, 2019, the Seminary decided to change the requirements for the retirement benefit. The plan is no longer available to new employees or employees currently under the age of 61. Additionally, the amount of time it takes to qualify for the retirement benefit has increased from seven to ten years.

The following major assumptions were used to determine the benefit obligation at:

	July 31,	
	2025	2024
Discount rate	5.44%	5.26%
Rate of compensation increase	2.00%	2.00%
Initial rate of health care cost increase		
Post-65 (Medical/Rx)	5.0%/6.6%	4.4%/6.6%
Blended	6.12%	5.83%
Ultimate rate (time to ultimate rate of 8 years)		
Post-65 (Medical/Rx)	4.37%/4.87%	4.40%/4.87%
Blended	4.73%	4.72%
Dental care trend rate	4.50%	4.00%

During the years ended July 31, 2025 and 2024, the Seminary had a net periodic postretirement benefit cost of approximately $328,000 and $94,000, respectively, and contributions made to pay benefits were approximately $310,000 and $312,000, respectively.

9. POST RETIREMENT BENEFIT OBLIGATION, continued:

Amounts recognized in unrestricted net assets consist of:

	July 31, 2025	July 31, 2024
Service cost	$ 42,867	$ 79,692
Interest cost	197,379	223,768
Benefits paid	(310,044)	(312,255)
Change in discount rate assumption	(63,930)	(1,729)
Change in other economic assumptions	74,154	(13,534)
Change in demographic assumptions	(551)	-
Actuarial (gain)/loss	315,562	(449,543)
	$ 255,437	$ (473,601)

The following are expected contributions to pay anticipated benefits, which reflect expected future services, over the next 10 years:

Year ended July 31,	
2026	$ 322,566
2027	331,042
2028	321,334
2029	310,820
2030	331,962
Years 2031-2035	1,656,896
	$ 3,274,620

10. NET ASSETS WITH DONOR RESTRICTIONS:

Donor restricted net assets during the year ended July 31, 2025 are available for:

	July 31, 2024	Gifts	Earnings and Gains/Losses	Releases	July 31, 2025
Instruction	$ 15,579,324	$ 838,107	$ 1,599,660	$ (589,219)	$ 17,427,872
Student aid and services	11,469,148	2,633,870	1,352,997	(880,543)	14,575,472
Institutional support	9,342,459	(51,189)	637,383	(457,033)	9,471,620
Charitable trusts - time restricted	293,200	-	14,766	-	307,966
Regional campuses	-	453,030	97	(453,127)	-
Other	109,185	-	26,187	(11,571)	123,801
	$ 36,793,316	$ 3,873,818	$ 3,631,090	$ (2,391,493)	$ 41,906,731

Donor restricted net assets during the year ended July 31, 2024 are available for:

	July 31, 2023	Gifts	Earnings and Gains/Losses	Releases	July 31, 2024
Instruction	$ 14,575,761	$ 49,968	$ 1,694,867	$ (741,272)	$ 15,579,324
Student aid and services	10,207,128	869,043	1,077,186	(684,209)	11,469,148
Institutional support	8,616,907	100,884	959,254	(334,586)	9,342,459
Charitable trusts - time restricted	274,419	-	18,781	-	293,200
Regional campuses	3,820	449,752	-	(453,572)	-
Other	92,091	-	28,785	(11,691)	109,185
	$ 33,770,126	$ 1,469,647	$ 3,778,873	$ (2,225,330)	$ 36,793,316

10. NET ASSETS WITH DONOR RESTRICTIONS, continued:
Donor restricted net assets held in perpetuity are:

	July 31, 2025			July 31, 2024		
	Endowments	Beneficial Interest	Total	Endowments	Beneficial Interest	Total
Instruction	$ 8,083,689	$ 3,150,105	$11,233,794	$ 7,571,270	$ 2,875,821	$ 10,447,091
Institutional support	3,664,925	3,893,771	7,558,696	3,659,725	3,737,198	7,396,923
Student aid and services	8,478,801	2,346,267	10,825,068	6,289,369	1,806,752	8,096,121
	$20,227,415	$ 9,390,143	$29,617,558	$17,520,364	$ 8,419,771	$ 25,940,135

11. FUNCTIONAL CLASSIFICATION:

The Seminary's program consists of a single activity, which is to provide education to students. Accordingly, certain costs have been allocated using activity based costing, such as allocating facility costs on the basis of square feet. IT-related costs are allocated by service and effort estimate based on project tracking by the IT Director. The system maintenance costs are allocated based on module users with common module costs shared among users. Plant Operations are allocated by service effort for salaries and benefits, then by square footage. The Seminary has student housing which incurred approximately 66% and 37% of facility maintenance labor efforts for the years ended July 31, 2025 and 2024, respectively. The remaining 34% and 63%, for the years ended July 31, 2025 and 2024, respectively, and other costs are on the main campus allocated based on square footage. Building depreciation is allocated by square footage used to support each function within location (i.e. Main Campus, Apartments and Regional Campuses). Equipment depreciation is allocated based on the location where the equipment is being used.

The allocated expenses of the Seminary as of July 31, 2025, are classified on a natural basis among its program services and supporting activities and are reflected below:

	Program Activities						
	Instructional	Academic Support	Student Services	Auxiliary	General and Administration	Fundraising	Total
Salaries and benefits	$ 4,522,340	$ 728,855	$ 983,732	$ 293,306	$ 973,400	$ 712,620	$ 8,214,253
Utilities, maintenance, lease, and insurance	578,739	270,808	119,004	258,250	619,058	64,252	1,910,111
Advertising, printing, and supplies	262,200	14,314	170,063	62	473,392	60,760	980,791
Dues, professional & others	85,922	364,985	28,307	15,977	203,802	38,116	737,109
Travel and campus activities	84,289	119,616	44,748	8,511	47,527	350,293	654,984
	5,533,490	1,498,578	1,345,854	576,106	2,317,179	1,226,041	12,497,248
Depreciation	628,292	329,985	51,590	381,842	523,773	42,575	1,958,057
Total operating expenses and depreciation	$ 6,161,782	$ 1,828,563	$ 1,397,444	$ 957,948	$ 2,840,952	$ 1,268,616	$ 14,455,305

11. FUNCTIONAL CLASSIFICATION, continued:

The allocated expenses of the Seminary as of July 31, 2024 are classified on a natural basis among its program services and supporting activities and are reflected below:

	Program Activities						
	Instructional	Academic Support	Student Services	Auxiliary	General and Administration	Fundraising	Total
Salaries and benefits	$ 4,468,567	$ 950,293	$ 912,147	$ 188,596	$ 1,271,576	$ 679,052	$ 8,470,231
Utilities, maintenance, lease and insurance	533,119	323,328	94,735	242,652	562,637	51,579	1,808,050
Advertising, printing and supplies	89,274	123,834	36,326	9,631	39,901	274,465	573,431
Dues, professional & others	76,308	99,740	14,975	16,722	411,418	38,181	657,344
Travel and campus activities	223,354	11,233	160,975	37	128,574	64,642	588,815
	5,390,622	1,508,428	1,219,158	457,638	2,414,106	1,107,919	12,097,871
Depreciation	625,861	324,933	50,510	373,666	512,805	41,684	1,929,459
Total operating expenses and depreciation	$ 6,016,483	$ 1,833,361	$ 1,269,668	$ 831,304	$ 2,926,911	$ 1,149,603	$14,027,330

11. FUNCTIONAL CLASSIFICATION, continued:

The expenses of the Seminary as of July 31, 2025, are classified on a natural basis among its program services and supporting activities and are reflected below:

	Program Activities				Supporting Activities				
	Instructional	Academic Support	Student Services	Auxiliary	General and Administration	Fundraising	Institutional Support - IT	Plant Operations	Total
Salaries and benefits	$ 4,342,055	$ 703,914	$ 979,713	$ 95,273	$ 677,916	$ 709,304	$ 404,251	$ 301,827	$ 8,214,253
Utilities, maintenance, lease and insurance	48,593	3,625	999	147,018	74,603	6,667	276,661	1,351,945	1,910,111
Travel and campus activities	260,321	14,168	170,039	-	470,259	60,741	4,593	670	980,791
Dues, professional & others	74,183	364,870	28,289	15,929	192,280	38,102	17,990	5,466	737,109
Advertising, printing and supplies	71,722	116,495	44,245	7,194	30,171	349,878	19,443	15,836	654,984
Total operating expenses	$ 4,796,874	$ 1,203,072	$ 1,223,285	$ 265,414	$ 1,445,229	$ 1,164,692	$ 722,938	$ 1,675,744	$ 12,497,248

11. <u>FUNCTIONAL CLASSIFICATION, continued:</u>

The expenses of the Seminary as of July 31, 2024, are classified on a natural basis among its program services and supporting activities and are reflected below:

	Program Activities				Supporting Activities				
	Instructional	Academic Support	Student Services	Auxiliary	General and Administration	Fundraising	Institutional Support - IT	Plant Operations	Total
Salaries and benefits	$ 4,287,289	$ 906,539	$ 905,096	$ 81,718	$ 986,563	$ 673,233	$ 340,829	$ 288,964	$ 8,470,231
Utilities, maintenance, lease and insurance	44,836	76,443	993	139,516	64,318	2,858	225,908	1,253,178	1,808,050
Travel and campus activities	221,863	11,145	160,960	-	126,111	64,630	3,703	403	588,815
Dues, professional & others	65,316	97,982	14,692	15,981	402,191	37,947	10,143	13,092	657,344
Advertising, printing and supplies	77,661	120,591	35,803	8,263	26,177	274,034	13,444	17,458	573,431
Total operating expenses	$ 4,696,965	$ 1,212,700	$ 1,117,544	$ 245,478	$ 1,605,360	$ 1,052,702	$ 594,027	$ 1,573,095	$ 12,097,871

12. ENDOWMENT FUNDS:

The Seminary's endowment consists of 98 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the board to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The board of trustees of the Seminary has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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, the Seminary classifies as donor restricted endowments (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 donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditures by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Seminary considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

The Seminary has three quasi-endowment funds, two of which are designated to help trustee-elected faculty and administration. One of the quasi-endowments is to purchase homes through the Seminary's HPA program, which consists of investments and notes receivable. Quasi-endowment funds may at times temporarily contain funds held in a money market cash account held for funding an anticipated HPA loan. The second quasi-endowment is to provide an annual bonus through the Individual Earnings Account program. The board also established a third quasi-endowment known as the land sale quasi-endowment, which is to function as a normal investment fund for the Seminary. Approximately $298,000 and $470,000 was held for this purpose in the money market account as of July 31, 2025 and 2024, respectively.

12. ENDOWMENT FUNDS, continued:

Changes in endowment net assets for the year ended July 31, 2025:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, August 1, 2024	$ 38,768,817	$ 26,551,217	$ 65,320,034
Investment return:			
Interest and dividend income	1,280,996	732,731	2,013,727
Net realized and unrealized gains (losses)	2,789,393	1,999,274	4,788,667
Total investment return	4,070,389	2,732,005	6,802,394
Contributions	1,004,140	2,758,141	3,762,281
Expended endowment assets, appropriations, and reclassification	(3,619,348)	(1,209,664)	(4,829,012)
Endowment net assets, July 31, 2025	$ 40,223,998	$ 30,831,699	$ 71,055,697

Changes in endowment net assets for the year ended July 31, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, August 1, 2023	$ 37,305,602	$ 24,429,920	$ 61,735,522
Investment return:			
Interest and dividend income	776,544	564,529	1,341,073
Net realized and unrealized gains (losses)	3,599,327	2,385,639	5,984,966
Total investment return	4,375,871	2,950,168	7,326,039
Contributions	625,289	242,940	868,229
Expended endowment assets, appropriations, and reclassifications	(3,537,945)	(1,071,811)	(4,609,756)
Endowment net assets, July 31, 2024	$ 38,768,817	$ 26,551,217	$ 65,320,034

12. ENDOWMENT FUNDS, continued:

FUNDS WITH DEFICIENCES
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 UPMIFA requires the Seminary to retain as a fund of perpetual duration. There were no funds with deficiencies for the years ended July 31, 2025 and 2024.

RETURN OBJECTIVES AND RISK PARAMETERS
The Seminary has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while maintaining the original fair market value of the original gift. Endowment assets included those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the board, the endowment assets are invested in a manner that is intended to produce results that attain an average annual return equal to 5% plus the change in the urban Consumer Price Index (CPI) over every trailing five year period. Actual returns in any given year may vary from this amount.

STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES
To satisfy its long-term rate-of-return objectives, the Seminary relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Seminary targets a diversified asset allocation that places a balanced emphasis on equity-based investments (40%-70%), fixed income investments (less than 60%), alternatives (less than 40%), and real estate (less than 20%) to achieve its long-term return objectives within prudent risk constraints.

SPENDING POLICIES AND HOW THE INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY
The Seminary has a policy of appropriating for distribution each year no more than 5% of its endowment fund's average fair value over the prior 12 quarters through the end of the current fiscal year. In establishing this policy, the Seminary considered the long-term expected return on its endowment. Accordingly, over the long term, the Seminary expects the current spending policy to allow its endowment to grow at an average of 3% annually. This is consistent with the Seminary's expectation to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

13. LIQUIDITY:

The Seminary's working capital and cash flows have some seasonal variations during the year due to the academic term tuition and fee receipts which are concentrated in August and January. The Seminary has adopted investment and spending policies for the Board designated reserves and endowment assets to provide a predictable stream of funding to support general expenditures. The Seminary is supported by the Cooperative Program of the Southern Baptist Convention with distributions made on a weekly basis to the Seminary.

The Cooperative Program receipts account for about one third of the Seminary's annual budgeted revenue. In addition, there are regular contributions from churches and individuals throughout the year. The following table reflects the Seminary's financial assets as of July 31, 2025 and 2024, reduced by funds that are not available for general use within one year because of donor or contractual restrictions or internal designations. Amounts not available include amounts set aside for long-term investments that could be drawn upon with Board approval. The Board has approved a one million dollar reserve fund to be available for seasonal variation typically during the summer months. Funds that are appropriated for the coming year and become available for general expenditure are added back and are included in the Seminary's financial assets available within one year. This includes amounts expected to be appropriated from endowment funds within one year.

	July 31,	
	2025	2024
Financial assets:		
Cash and cash equivalents	$ 2,435,182	$ 4,152,105
Accounts receivable - net	204,140	81,231
Assets held in trust	498,591	475,535
Notes receivable	1,842,500	2,106,512
Investments held for long term purposes	69,189,815	62,973,401
Beneficial interest in split interest agreements	9,390,143	8,419,771
Financial assets, at year end	83,560,371	78,208,555
Less those unavailable for general expenditure within one year due to:		
Assets held in trust	(498,591)	(475,535)
Restricted investments	(28,995,599)	(26,258,411)
Designated investments:		
Undirected quasi-endowment funds	(37,875,160)	(37,200,339)
Capital reserves	(845,638)	-
Beneficial interest in split interest agreements	(9,390,143)	(8,419,771)
	(77,605,131)	(72,354,056)
Financial assets available to meet cash needs for general expenditures within one year	$ 5,955,240	$ 5,854,499

14. RELATED PARTY TRANSACTIONS:
The Seminary has no related party transactions with organizations outside of the denomination. Transactions related to the denomination include certain benefit administration by GuideStone, SBC Cooperative amounts shown in the statements of activities, and beneficial interest in trusts held by other SBC state foundations.

15. SUBSEQUENT EVENTS:
Subsequent events were evaluated through October 24, 2025, which is the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

CAPINCROUSE
A DIVISION OF Carr, Riggs & Ingram

AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

Board of Trustees
Gateway Seminary of the Southern Baptist Convention
Ontario, California

We have audited the financial statements of Gateway Seminary of the Southern Baptist Convention as of, and for the years ended, July 31, 2025 and 2024, and our report thereon dated October 24, 2025, which expresses an unmodified opinion on those financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The distribution by states of cooperative program receipts are presented for purposes of additional analysis of the financial statements rather than to present the financial position and results of operations of the individual organizations, and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Capin Crouse LLC

Ontario, California
October 24, 2025

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GATEWAY SEMINARY OF THE SOUTHERN BAPTIST CONVENTION

Distribution by States of Cooperative Program Receipts

Report of Executive Committee Southern Baptist Convention

	Year Ended July 31, 2025	Year Ended July 31, 2024
Churches	$ 87,667	$ 81,861
Alabama	391,144	357,487
Alaska	2,026	2,236
Arizona	29,198	26,620
Arkansas	166,102	170,814
California	35,154	34,980
Colorado	12,247	11,967
Dakota	1,738	1,747
Florida	263,616	264,390
Georgia	277,943	271,009
Hawaii Pacific	4,112	3,903
Illinois	40,108	36,693
Indiana	10,169	10,746
Iowa	14,436	14,435
Kansas-Nebraska	14,220	15,499
Kentucky	201,215	189,273
Louisiana	125,864	122,036
Maryland-Delaware	22,958	21,183
Michigan	8,236	8,517
Minnesota-Wisconsin	2,312	2,358
Mississippi	241,174	223,821
Missouri	96,373	87,685
Montana	3,402	2,963
Nevada	4,185	6,293
New England	2,127	2,325
New Mexico	13,820	18,726
New York	4,062	4,138
North Carolina	271,234	259,953
Northwest	7,741	8,168
Ohio	46,562	44,070
Oklahoma	194,219	195,118
Pennsylvania-South Jersey	7,583	7,084
Puerto Rico/US Virgin Islands	357	325
South Carolina	203,750	191,799
Tennessee	311,321	301,833
Texas-BGCT	170,166	167,632
Texas-SBTC	292,002	281,570
Utah-Idaho	4,063	4,101
Virginia-BGAV	11,488	15,457
Virginia-SBCV	95,114	89,451
West Virginia	10,040	9,544
Wyoming	730	716
Total Cooperative Program	3,701,978	3,570,526
Total Designations	66,931	60,645
Total Distribution	$ 3,768,909	$ 3,631,171