



OKLAHOMA BAPTIST HOMES  
FOR CHILDREN, INC.

Financial Statements  
With Independent Auditor's Report

December 31, 2025 and 2024

# OKLAHOMA BAPTIST HOMES FOR CHILDREN, INC.

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## INDEPENDENT AUDITOR'S REPORT

Audit Committee  
Oklahoma Baptist Homes for Children, Inc.  
Oklahoma City, Oklahoma

### ***Opinion***

We have audited the accompanying financial statements of Oklahoma Baptist Homes for Children, Inc., which comprise the statements of financial position as of December 31, 2025 and 2024, 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 Oklahoma Baptist Homes for Children, Inc. as of December 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 Oklahoma Baptist Homes for Children, Inc. 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 Oklahoma Baptist Homes for Children, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Audit Committee  
Oklahoma Baptist Homes for Children, Inc.  
Oklahoma City, Oklahoma

***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 audits.
- 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 Oklahoma Baptist Homes for Children, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Oklahoma Baptist Homes for Children, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audits.

*Capin Crouse LLC*

Centennial, Colorado  
May 21, 2026

# OKLAHOMA BAPTIST HOMES FOR CHILDREN, INC.

## Statements of Financial Position

	December 31,	
	2025	2024
<b>ASSETS:</b>		
Current assets:		
Cash and cash equivalents	\$ 992,828	\$ 1,307,819
Investments	15,888,933	18,696,411
Investments restricted for construction projects	241,169	1,943,106
Prepaid expenses and other	569,023	443,080
	17,691,953	22,390,416
Other long-term assets	28,414	37,095
Property held for sale	11,980	524,579
Operating lease—right-of-use asset	428,344	-
Financing leases—right-of-use assets	26,554	36,211
Fixed assets—net	24,339,473	20,027,882
Beneficial interest in funds held by others	85,027,155	79,759,519
	\$ 127,553,873	\$ 122,775,702
<b>LIABILITIES AND NET ASSETS:</b>		
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,239,323	\$ 1,351,565
Operating lease obligation—current	223,446	-
Financing lease obligations—current	9,511	10,695
Post-retirement benefits liability—current	160,560	149,163
	1,632,840	1,511,423
Operating lease obligation—net of current portion	209,275	-
Financing lease obligations—net of current portion	18,083	26,145
Post-retirement benefits liability—net of current portion	2,519,716	2,262,655
Total liabilities	4,379,914	3,800,223
Net assets:		
Net assets without donor restrictions	27,155,049	25,963,705
Net assets with donor restrictions:		
Restricted by purpose or time	12,636,589	14,798,244
Restricted in perpetuity	83,382,321	78,213,530
	96,018,910	93,011,774
Total net assets	123,173,959	118,975,479
Total Liabilities and Net Assets	\$ 127,553,873	\$ 122,775,702

See notes to financial statements

# OKLAHOMA BAPTIST HOMES FOR CHILDREN, INC.

## Statements of Activities

	Year Ended December 31,					
	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support, Revenue, and Other Additions:						
Contributions						
Cooperative Program contributions	\$ 660,703	\$ -	\$ 660,703	\$ 663,951	\$ -	\$ 663,951
Contributions of non-financial assets	2,797,013	-	2,797,013	921,302	-	921,302
General contributions	7,820,211	1,359,155	9,179,366	6,228,032	1,580,696	7,808,728
	<u>11,277,927</u>	<u>1,359,155</u>	<u>12,637,082</u>	<u>7,813,285</u>	<u>1,580,696</u>	<u>9,393,981</u>
Revenue:						
Investment income – distributions appropriated	3,347,042	717,762	4,064,804	3,320,015	668,154	3,988,169
Other income	374,687	-	374,687	322,135	-	322,135
	<u>3,721,729</u>	<u>717,762</u>	<u>4,439,491</u>	<u>3,642,150</u>	<u>668,154</u>	<u>4,310,304</u>
Total Operating Support and Revenue	<u>14,999,656</u>	<u>2,076,917</u>	<u>17,076,573</u>	<u>11,455,435</u>	<u>2,248,850</u>	<u>13,704,285</u>
Net assets released from restriction:						
Purpose and time restrictions	5,064,402	(5,064,402)	-	3,941,335	(3,941,335)	-
Total Operating Support, Revenue and Other Additions	<u>20,064,058</u>	<u>(2,987,485)</u>	<u>17,076,573</u>	<u>15,396,770</u>	<u>(1,692,485)</u>	<u>13,704,285</u>
Operating expenses:						
Program expenses:						
Children's programs	11,305,587	-	11,305,587	10,235,593	-	10,235,593
Hope pregnancy centers	3,392,669	-	3,392,669	3,445,501	-	3,445,501
Supporting activities:						
Home office	1,711,119	-	1,711,119	1,195,873	-	1,195,873
Fundraising	3,550,309	-	3,550,309	3,770,758	-	3,770,758
Total Operating Expenses	<u>19,959,684</u>	<u>-</u>	<u>19,959,684</u>	<u>18,647,725</u>	<u>-</u>	<u>18,647,725</u>
Change in Net Assets from Operations	<u>104,374</u>	<u>(2,987,485)</u>	<u>(2,883,111)</u>	<u>(3,250,955)</u>	<u>(1,692,485)</u>	<u>(4,943,440)</u>

(continued)

See notes to financial statements

# OKLAHOMA BAPTIST HOMES FOR CHILDREN, INC.

## Statements of Activities

(continued)

	Year Ended December 31,					
	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Change in Net Assets from Operations	104,374	(2,987,485)	(2,883,111)	(3,250,955)	(1,692,485)	(4,943,440)
Non-Operating Change in Net Assets:						
Capital contributions	28,928	726,985	755,913	1,268,691	1,499,376	2,768,067
Contributions to beneficial trust	-	787,325	787,325	-	524,133	524,133
Change in value of beneficial interests	-	4,480,311	4,480,311	-	239,430	239,430
Investment income	1,287,696	-	1,287,696	1,123,434	-	1,123,434
Other components of net periodic postretirement cost	(92,980)	-	(92,980)	(95,391)	-	(95,391)
Postretirement-related changes other than net periodic postretirement costs	(136,674)	-	(136,674)	230,216	-	230,216
Change in Net Assets from Non-Operating Activities	1,086,970	5,994,621	7,081,591	2,526,950	2,262,939	4,789,889
Change in Net Assets	1,191,344	3,007,136	4,198,480	(724,005)	570,454	(153,551)
Net Assets, Beginning of Year	25,963,705	93,011,774	118,975,479	26,687,710	92,441,320	119,129,030
Net Assets, End of Year	\$ 27,155,049	\$ 96,018,910	\$ 123,173,959	\$ 25,963,705	\$ 93,011,774	\$ 118,975,479

See notes to financial statements

# OKLAHOMA BAPTIST HOMES FOR CHILDREN, INC.

## Statements of Cash Flows

	Year Ended December 31,	
	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 4,198,480	\$ (153,551)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	2,315,048	1,891,674
Non-cash lease expense	4,377	-
Net realized and unrealized gains on investments	(1,287,696)	(1,123,434)
Donated fixed assets	(1,705,634)	(138,559)
(Gain) loss on sale of fixed assets	(113,457)	1,667
Contributions restricted for long-term purposes	(1,543,238)	(3,292,200)
Change in value of beneficial interest in funds held by others	(4,480,311)	(239,430)
Changes in operating assets and liabilities:		
Prepays and other assets	(117,262)	159,381
Accounts payable and accrued liabilities	126,148	91,327
Post-retirement benefits liability	268,458	(91,387)
Net Cash Used by Operating Activities	(2,335,087)	(2,894,512)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of fixed assets	(5,168,822)	(4,440,241)
Proceeds on sale of fixed assets and assets held for sale	645,140	96,913
Purchases of investments	(4,739,369)	(4,884,104)
Proceeds from sale of investments	9,749,155	8,929,549
Net Cash Provided (Used) by Investing Activities	486,104	(297,883)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds for contributions restricted for:		
Capital projects	755,913	2,768,067
Beneficial interest in funds held by others	787,325	524,133
Principal payments on financing leases	(9,246)	-
Net Cash Provided by Financing Activities	1,533,992	3,292,200
Change in Cash and Cash Equivalents	(314,991)	99,805
Cash and Cash Equivalents, Beginning of Year	1,307,819	1,208,014
Cash and Cash Equivalents, End of Year	\$ 992,828	\$ 1,307,819
<b>NON-CASH TRANSACTIONS:</b>		
Fixed assets financed through accounts payable	\$ 278,062	\$ 516,452
Right-of-use asset obtained in exchange for operating lease obligation	\$ 629,216	\$ -
Fixed assets transferred to property held for sale	\$ -	\$ 512,599

See notes to financial statements

# OKLAHOMA BAPTIST HOMES FOR CHILDREN, INC.

## Notes to Financial Statements

December 31, 2025 and 2024

1. NATURE OF ORGANIZATION:

Oklahoma Baptist Homes for Children, Inc. (OBHC) is an Oklahoma not-for-profit organization supported primarily by private donations. OBHC was incorporated in September 1993 and began operations on January 1, 1994, to show and share the love of Christ to children and their families. With donated funds, OBHC operates four homes or other living facilities for children in need and eight Hope Pregnancy Centers, including a mobile unit. Prior to 1994, OBHC was a division of the Baptist General Convention of Oklahoma (Oklahoma Baptists). OBHC is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state law(s). However, OBHC is subject to federal income tax on any unrelated business taxable income. In addition, OBHC is not classified as a private foundation within the meaning of Section 509(a) of the IRC.

2. SIGNIFICANT ACCOUNTING POLICIES:

OBHC maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of any contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from the estimates. Estimates that are particularly susceptible to significant change in the near term are related to depreciation of property and equipment, the allocation of functional expenses, valuation of contributed non-financial assets, valuation of right-of-use assets and lease obligations, and valuation of investments held at fair value. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

### CASH AND CASH EQUIVALENTS

For purposes of the statements of financial position and cash flows, OBHC considers cash on hand and deposits in banks to be cash and cash equivalents, excluding cash and cash equivalents related to OBHC's investment strategies held in investment accounts. OBHC maintains cash balances at financial institutions located in Oklahoma. As of December 31, 2025 and 2024, the cash accounts maintained exceeded federally insured limits by approximately \$486,000 and \$1,308,000, respectively.

### INVESTMENTS RESTRICTED FOR CONSTRUCTION PROJECTS

Investments restricted for construction projects consists of amounts received from donors but not yet spent for construction projects. As accounting standards specify, restricted net assets should only be released when the related asset is placed into service. Investments restricted for construction projects consist of:

	December 31,	
	2025	2024
Net assets restricted for construction projects	\$ 1,832,991	\$ 3,429,182
Less expenditures not yet placed into service	(1,591,822)	(1,486,076)
	<u>\$ 241,169</u>	<u>\$ 1,943,106</u>

# OKLAHOMA BAPTIST HOMES FOR CHILDREN, INC.

## Notes to Financial Statements

December 31, 2025 and 2024

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### INVESTMENTS AND INVESTMENT INCOME

OBHC's investments are held and managed by WatersEdge Ministry Services (WatersEdge). These investments are held in pooled funds at WatersEdge. Pro-rata ownership in the pools is determined under a system in which units of ownership are recorded to represent each member's share of the total market value of assets; therefore, OBHC reports its interest in the pooled investments at fair value. Mineral rights and other investment holdings including fixed income instruments are carried at estimated fair value. Gains and losses on investments are reported in the statements of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by purpose, time, or in perpetuity by donor stipulations or by law. See Note 7 for fair value measurements and disclosures.

WatersEdge was created for the purpose of receiving and managing all investments for the various Baptist entities, including OBHC. The investments managed by WatersEdge are non-endowment investments for which the principal and income is directed by OBHC, including donor funds invested until expended for the specified purpose. These non-endowment investments held by WatersEdge are labeled as custodial funds in Note 3.

Investment securities are exposed to various risks, such as interest rate, market, and credit risk. Due to the risks associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term, and those changes could materially affect the financial statements.

#### FIXED ASSETS—NET

Fixed assets are recorded at cost. It is OBHC's policy to capitalize all furniture and fixtures, equipment, and vehicles with a cost in excess of \$5,000 and all buildings and leasehold improvements with a cost in excess of \$25,000. Construction in progress consists of various ongoing projects across OBHC locations. The cost and related accumulated depreciation of assets sold or retired are removed from the accounts and the resulting gains or losses are included in the statements of activities. Maintenance repairs and minor renewals are expensed as incurred. These assets, excluding land and land restricted in perpetuity, are depreciated over their estimated useful lives using the straight-line method. The following useful lives are used:

Furniture and fixtures	6 years
Equipment	6 years
Vehicles	3 years
Buildings and improvements	5-40 years

#### PROPERTY HELD FOR SALE

Property held for sale consists of a building that was on the market on December 31, 2024, and sold during the year ended December 31, 2025. The building was sold for \$561,891 resulting in a gain of \$49,291 being recorded on the statement of activities. The remaining property held for sale consists of cemetery plots that are still on the market. Property held for sale is recorded at the lower of carrying value or fair market value less the estimated cost to sell the property and is evaluated for impairment annually.

# OKLAHOMA BAPTIST HOMES FOR CHILDREN, INC.

## Notes to Financial Statements

December 31, 2025 and 2024

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### BENEFICIAL INTEREST IN FUNDS HELD BY OTHERS

OBHC is the beneficiary of certain irrevocable trusts held and administered by WatersEdge and others. Under the terms of perpetual trusts, OBHC has the irrevocable right to receive the income earned on the trust assets. The fair value is recognized as an asset and as a contribution with donor restrictions at the date the trust is established, based on the nature of the agreement. OBHC's estimate of fair value is based on fair value information received from the respective trustees. The assets consist of equities, pooled investments, and mineral interests. These assets are not subject to the control or discretion of OBHC. Gains and losses which are not distributed by the trusts, are reflected as change in value of beneficial interests in the statements of activities. Distributions from the trusts not appropriated for spending are reflected as non-operating investment gains and losses. Total quarterly distributions, appropriated and non-appropriated, received for Q1-Q4 2025, were approximately \$961,000, \$1,080,000, \$1,053,000, and \$970,000, respectively. Total quarterly distributions, appropriated and non-appropriated, received for Q1-Q4 2024, were approximately \$999,000, \$958,000, \$1,042,000, and \$989,000, respectively. These amounts are included in investment income – distributions appropriated on the statements of activities.

Under the terms of other trusts, OBHC has an irrevocable right to receive their percentage share of the trust assets at a future date, usually the termination of the trust. These agreements constitute unconditional promises to give and are recognized as income in the period the promise is given. Gifts are valued by reducing total assets held by the WatersEdge by the present value of estimated future income payments over the term of the agreement or life expectancy of the income beneficiary utilizing a five percent discount rate. The assets consist of pooled investments and mineral rights. These assets are not subject to the control or discretion of OBHC. Gains and losses, which are not distributed by the trusts, are reflected as change in value of beneficial interests in the statements of activities.

#### POST-RETIREMENT BENEFITS OTHER THAN PENSIONS

OBHC sponsors unfunded post-retirement health care, life insurance, and retirement gift benefits. These post-retirement benefits are offered to all full-time employees that were hired prior to September 27, 1994. As of September 2012, OBHC decided to eliminate the retirement gifts to active employees upon retirement. Full-time employees hired after September 27, 1994 who complete 15 years of current, continual service and retire at full retirement age set by Social Security will receive \$200 per month in a health reimbursement arrangement. Estimated costs of these benefits are recognized during the employees' active service period. Several assumptions are made in determining the obligation associated with the plan. The assumptions used in determining the obligation are described in detail in Note 11.

#### FINANCING AND OPERATING LEASES - RIGHT OF USE ASSETS AND OBLIGATIONS

Some of OBHC's contracts contain the right to control the use of property or assets and are therefore considered leases. OBHC records right-of-use assets and lease obligations on the statements of financial position for the rights and obligations created by leases with initial terms of more than twelve months.

# OKLAHOMA BAPTIST HOMES FOR CHILDREN, INC.

## Notes to Financial Statements

December 31, 2025 and 2024

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### NET ASSET CLASSIFICATIONS

Net assets have been segregated to achieve a proper segregation and fair presentation of those resources available for use at the discretion of the board and those resources over which the board has little, if any, discretion as to use because of externally imposed restrictions. The following net asset segregations have been established for OBHC:

*Net assets without donor restrictions* are those resources over which the governing board has discretionary control to use in carrying on the operations of OBHC and those resources invested in fixed assets.

*Net assets with donor restrictions* include resources of OBHC related to gifts with explicit donor-imposed restrictions that have not been met as to specified purpose, to later periods of time, or after specified dates. These include donor restrictions requiring the net asset to be held in perpetuity and permit OBHC to use all or part of the income earned on related investments for specific purposes.

#### SUPPORT AND REVENUE

Contributions received, including unconditional promises to give, are recognized as revenues in the period received at their fair values. The policy of OBHC is to record all donations postmarked before December 31 as deposits in transit. Contributions made, including unconditional promises to give, are recognized as expenses in the period made at their fair values. Conditional promises to give, whether received or made, are recognized when they become unconditional, that is, when the conditions are substantially met. For financial reporting purposes, OBHC distinguishes between contributions of net assets without donor restrictions and net assets with donor restrictions.

OBHC reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated asset. If a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished in the same fiscal year as the year of the receipt of the gift, the gift is considered to be without donor restrictions. When a donor restriction expires on gifts previously classified as with donor restrictions, these net assets are reclassified to net assets without donor restrictions and reported in the statements of activities as reclassifications of net assets.

Contributions of non-financial assets are reflected at the fair market value at the date of contribution. OBHC also receives donated services valued at the fair market value at the date of contribution based on average current prices on publicly available websites or based on the value of services provided if they were to be purchased. Donated materials were approximately \$1,080,000 and \$688,000 for the years ended December 31, 2025 and 2024, respectively. Donated services were approximately \$287,000 and \$233,000 for the years ended December 31, 2025 and 2024, respectively. During the year ended December 31, 2025, OBHC also received a donation of land and building valued at \$1,430,000, which was recorded at the appraised value.

# OKLAHOMA BAPTIST HOMES FOR CHILDREN, INC.

## Notes to Financial Statements

December 31, 2025 and 2024

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### SUPPORT AND REVENUE, continued

OBHC's cooperative program contributions are received annually, budgeted at the discretion of Oklahoma Baptists, and are recognized when received. All other income is recorded when earned.

#### FUNCTIONAL ALLOCATION OF EXPENSES

Expenses are organized in both natural and functional classifications to provide useful information about the costs of significant programs or services provided by OBHC. Costs incurred are either directly related or allocated to a specific program or service. Main program activities of OBHC are pregnancy centers and children's programs.

#### WORKERS COMPENSATION INSURANCE

OBHC is self-insured with respect to workers' compensation claims. Monthly payments are made to a self-insured plan established by Oklahoma Baptists. This plan is self-insured to the extent of the excess liability insurance with an employer liability limit of \$2,000,000 per occurrence and a self-insured retention of \$425,000 per occurrence.

#### ADVERTISING COSTS

All advertising costs are expensed as incurred. Advertising costs were approximately \$244,000 and \$240,000 for the years ended December 31, 2025 and 2024, respectively.

#### OPERATING AND NON-OPERATING

OBHC classifies the activities related to its defined-benefit post-retirement liability other than net periodic benefit costs, changes in its charitable remainder interests, capital contributions, investment income, and activities relating to its beneficial interests other than the distributions appropriated for expenditure as non-operating. All remaining activities are general operations of OBHC.

# OKLAHOMA BAPTIST HOMES FOR CHILDREN, INC.

## Notes to Financial Statements

December 31, 2025 and 2024

3. INVESTMENTS:

Investments consist of:

	December 31, 2025		
	Without Donor Restrictions	With Donor Restrictions (Purpose/Time)	Total
Custodial funds held by WatersEdge	\$ 11,537,233	\$ 4,592,869	\$ 16,130,102
Less investments restricted for construction projects	-	(241,169)	(241,169)
	\$ 11,537,233	\$ 4,351,700	\$ 15,888,933
	December 31, 2024		
	Without Donor Restrictions	With Donor Restrictions (Purpose/Time)	Total
Custodial funds held by WatersEdge	\$ 14,040,006	\$ 6,599,511	\$ 20,639,517
Less investments restricted for construction projects	-	(1,943,106)	(1,943,106)
	\$ 14,040,006	\$ 4,656,405	\$ 18,696,411

4. FIXED ASSETS—NET:

Fixed assets—net consist of:

	December 31,	
	2025	2024
Land	\$ 2,033,106	\$ 1,533,106
Land restricted in perpetuity	112,500	112,500
Buildings and improvements	41,463,741	36,438,326
Equipment	4,019,210	3,533,260
Vehicles	3,129,883	3,056,743
Furniture, fixtures, and other	516,441	317,327
	51,274,881	44,991,262
Less accumulated depreciation	(28,538,789)	(26,503,255)
	22,736,092	18,488,007
Construction in progress	1,603,381	1,539,875
	\$ 24,339,473	\$ 20,027,882

# OKLAHOMA BAPTIST HOMES FOR CHILDREN, INC.

## Notes to Financial Statements

December 31, 2025 and 2024

5. NET ASSETS:

Net assets without donor restrictions consist of:

	December 31,	
	2025	2024
Operating	\$ 2,928,076	\$ 6,048,323
Equity in fixed assets—net (less land restricted in perpetuity)	24,226,973	19,915,382
	\$ 27,155,049	\$ 25,963,705

Net assets with donor restrictions are available for the following purposes:

	December 31,	
	2025	2024
Subject to expenditure for specified purpose:		
Boys Ranch Town	\$ 2,928,128	\$ 2,981,150
The Vine, Oklahoma City	2,453,012	3,270,203
Construction projects	1,832,991	3,429,182
Hope Pregnancy Centers	1,018,657	1,097,287
Scholarships	1,045,162	969,213
Baptist Children’s Home, Owasso	540,523	357,922
Home office, development, and other	441,231	476,678
Baptist Home for Girls	422,425	380,665
Women of Compassion and Style Shows	197,126	177,457
	10,879,255	13,139,757
Subject to the passage of time:		
Beneficial interest in funds held by others	1,757,334	1,658,487
Subject to restriction in perpetuity:		
Beneficial interest in funds held by others:		
Children’s programs	79,932,890	75,093,100
Scholarships	2,219,344	1,949,866
Buildings, cottages, and maintenance	1,100,944	1,043,269
Hope pregnancy ministries	16,643	14,795
Land	112,500	112,500
	83,382,321	78,213,530
	\$ 96,018,910	\$ 93,011,774

# OKLAHOMA BAPTIST HOMES FOR CHILDREN, INC.

## Notes to Financial Statements

December 31, 2025 and 2024

6. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects OBHC's financial assets reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	December 31,	
	2025	2024
Financial assets:		
Cash and cash equivalents	\$ 992,828	\$ 1,307,819
Investments	15,888,933	18,696,411
Investments restricted for construction projects	241,169	1,943,106
Beneficial interest in funds held by others	85,027,155	79,759,519
Financial assets, at year-end	102,150,085	101,706,855
Less those unavailable for general expenditures within one year, due to:		
Assets restricted by donor with purpose restrictions not expected to be used within one year	(1,835,405)	(2,095,241)
Investments restricted by donor with purpose restrictions	(4,592,869)	(5,005,911)
Beneficial interest in funds held by others	(85,027,155)	(79,759,519)
	(91,455,429)	(86,860,671)
Financial assets available to meet cash needs for general expenditures within one year	\$ 10,694,656	\$ 14,846,184

Management has an unofficial and unwritten policy of maintaining the WatersEdge custodial accounts at a minimum of 6 months' worth of budgeted expenses. OBHC will receive approximately \$4,100,000 of endowment distributions during the year ended December 31, 2026 that can be used at the discretion of the board of trustees. OBHC has certain donor-restricted net assets that are available for general expenditures within one year of December 31, 2025 and 2024, because the restrictions are expected to be met by conducting the normal activities of OBHC in the coming year.

# OKLAHOMA BAPTIST HOMES FOR CHILDREN, INC.

## Notes to Financial Statements

December 31, 2025 and 2024

### 7. DISCLOSURES ABOUT FAIR VALUE OF ASSETS AND LIABILITIES:

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 OBHC 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.

**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 December 31, 2025 and 2024.

*Pooled investments:* The pooled investments held by WatersEdge in their charitable spending policy funds are calculated based on a number of factors including obtaining an understanding of the funds' underlying investments, strategy, positions and valuation and comparing information provided by the fund administrator or general partner to other available information such as sector data and indexes.

*Low-duration bonds:* The low-duration bonds held by WatersEdge are primarily invested in corporate bonds with duration between one to three years and are calculated based on the underlying investments.

*Mineral interests:* The fair value of mineral interests is determined by using an income approach using recent past income produced by the income property.

*Beneficial interest in funds held by others:* The fair value of beneficial interest in funds held by others is estimated as the present value of future trusts payments, based upon OBHC's proportionate share of the trust's assets as represented by the fund manager for charitable remainder trusts and the underlying net asset value of pooled funds for beneficial interests to be held in perpetuity.

# OKLAHOMA BAPTIST HOMES FOR CHILDREN, INC.

## Notes to Financial Statements

December 31, 2025 and 2024

7. DISCLOSURES ABOUT FAIR VALUE OF ASSETS AND LIABILITIES, continued:

*Post-retirement benefit liability:* The present value of the post-retirement benefit liability is calculated using the estimated benefits to be paid based on life expectancy using mortality tables as calculated by an actuary.

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall:

	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
<u>December 31, 2025:</u>				
Assets:				
Investments:				
Pooled investments	\$ 10,181,152	\$ -	\$ 10,181,152	\$ -
Mineral interests	389,062	-	-	389,062
	10,570,214	\$ -	\$ 10,181,152	\$ 389,062
Reconciling items at cost:				
Cash and cash equivalents	5,559,888			
Total investments and investments restricted for construction projects	\$ 16,130,102			
Beneficial interest in funds held by others	\$ 85,027,155	\$ -	\$ 85,027,155	\$ -
Liabilities:				
Post-retirement benefits liability	\$ 2,680,276	\$ -	\$ 2,680,276	\$ -

# OKLAHOMA BAPTIST HOMES FOR CHILDREN, INC.

## Notes to Financial Statements

December 31, 2025 and 2024

### 7. DISCLOSURES ABOUT FAIR VALUE OF ASSETS AND LIABILITIES, continued:

	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
<u>December 31, 2024:</u>				
Assets:				
Investments:				
Pooled investments	\$ 12,530,764	\$ -	\$ 12,530,764	\$ -
Low-duration bonds	760,000	-	760,000	-
Mineral interests	635,848	-	-	635,848
	13,926,612	\$ -	\$ 13,290,764	\$ 635,848
Reconciling items at cost:				
Cash and cash equivalents	6,712,905			
Total investments and investments restricted for construction projects	\$ 20,639,517			
Beneficial interest in funds held by others	\$ 79,759,519	\$ -	\$ 79,759,519	\$ -
Liabilities:				
Post-retirement benefits liability	\$ 2,411,818	\$ -	\$ 2,411,818	\$ -

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the year ended December 31, 2025, there were no significant transfers in or out of Levels 1, 2 or 3.

# OKLAHOMA BAPTIST HOMES FOR CHILDREN, INC.

## Notes to Financial Statements

December 31, 2025 and 2024

7. DISCLOSURES ABOUT FAIR VALUE OF ASSETS AND LIABILITIES, continued:

The following table provides further details of the Level 3 fair value measurements:

	Year Ended December 31,	
	2025	2024
Beginning balance	\$ 635,848	\$ 642,468
Investment losses	(246,786)	(6,620)
Ending balance	\$ 389,062	\$ 635,848

8. OPERATING LEASE—RIGHT OF USE ASSET AND OBLIGATION:

OBHC leases office space from WatersEdge Bricktown Holdings, LLC, a wholly-owned subsidiary of WatersEdge. The office space is leased under a noncancelable operating lease expiring in 2027. The discount rate of 4.29% represents the risk-free discount rate using a period comparable with that of the individual lease term. Monthly payments under this lease were \$18,305 during 2025 and are \$18,621 during 2026. The monthly payments are expected to be \$19,083 during 2027.

	December 31,	
	2025	2024
Operating lease right-of-use assets	\$ 428,344	\$ -
Operating lease liabilities	\$ 432,721	\$ -
Operating lease costs	\$ 224,032	\$ -
Cash paid for operating lease	\$ 219,654	\$ -
Weighted-average discount rate	4.29%	n/a
Weighted-average remaining lease term	2 years	n/a

# OKLAHOMA BAPTIST HOMES FOR CHILDREN, INC.

## Notes to Financial Statements

December 31, 2025 and 2024

8. OPERATING LEASE—RIGHT OF USE ASSET AND OBLIGATION, continued:

Future minimum lease payments required under the operating lease that has an initial or remaining non-cancelable lease term in excess of one year are as follows:

<u>Year Ending December 31,</u>		
2026	\$	223,446
2027		228,996
2028		-
2029		-
2030		-
Thereafter		-
		452,442
Less imputed interest		(19,721)
	\$	432,721

9. FINANCING LEASES—RIGHT OF USE ASSETS AND OBLIGATIONS:

OBHC leases equipment under three noncancelable finance leases expiring at various dates through 2029. The discount rate represents the risk-free discount rate using a period comparable with that of the individual lease terms. The leases require monthly payments totaling \$1,977 per month. Discount rates on these leases range from 1.35% - 4.64%. OBHC has elected to not separate lease components from non-lease components for those finance leases which include maintenance as part of the lease.

	<u>December 31,</u>	
	2025	2024
Financing leases right-of-use assets	\$ 26,554	\$ 36,211
Financing lease obligations	\$ 27,594	\$ 36,840
Financing lease costs:		
Amortization of right-of-use assets	\$ 9,657	\$ 19,778
Interest on lease obligations	\$ 1,448	\$ 1,315
Weighted-average discount rate	4.54%	4.43%
Weighted-average remaining lease term	2.99 years	3.70 years

# OKLAHOMA BAPTIST HOMES FOR CHILDREN, INC.

## Notes to Financial Statements

December 31, 2025 and 2024

9. FINANCING LEASES—RIGHT OF USE ASSETS AND OBLIGATIONS, continued:

Future minimum lease payments required under the financing leases that have an initial or remaining non-cancelable lease term in excess of one year are as follows:

<u>Year Ending December 31,</u>	
2026	\$ 9,511
2027	9,043
2028	8,389
2029	2,796
2030	-
Thereafter	-
	<hr/> 29,739
Less imputed interest	<hr/> (2,145)
	<hr/> <hr/> \$ 27,594

# OKLAHOMA BAPTIST HOMES FOR CHILDREN, INC.

## Notes to Financial Statements

December 31, 2025 and 2024

### 10. EXPENSES INCURRED:

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of OBHC. These expenses include depreciation, information technology, and facilities operations and maintenance. Building depreciation and facilities operations and maintenance are allocated based on square footage or specific assets used. Costs of information technology were allocated on estimates of time and effort. Total expenses include all operating expenses and the nonoperating expenses of other components of net periodic postretirement cost, which is included in Home Office salaries, wages, and benefits and totaled \$92,980 and \$95,391, for the years ending December 31, 2025 and 2024, respectively.

Expenses of OBHC are allocated to functional classifications as follows:

	Year Ended December 31, 2025				
	Program Activities		Supporting Activities		Total
	Children's Programs	Hope Pregnancy Centers	Home Office	Fundraising	
Salaries, wages, and benefits	\$ 5,081,726	\$ 1,885,688	\$ 918,772	\$ 2,266,946	\$ 10,153,132
Facilities and maintenance	1,814,982	253,461	270,355	14,699	2,353,497
Depreciation	1,793,261	277,037	158,312	86,438	2,315,048
Food and supplies	1,548,770	384,830	49,562	158,608	2,141,770
Training and travel	648,142	153,251	108,433	228,600	1,138,426
Other	89,508	177,305	156,862	175,760	599,435
Professional fees	144,657	193,815	88,113	160,180	586,765
Events	65,847	-	36	359,383	425,266
Technology	118,694	67,282	53,654	99,695	339,325
	11,305,587	3,392,669	1,804,099	3,550,309	20,052,664
Less nonoperating expense	-	-	(92,980)	-	(92,980)
Total Operating Expenses	\$ 11,305,587	\$ 3,392,669	\$ 1,711,119	\$ 3,550,309	\$ 19,959,684

# OKLAHOMA BAPTIST HOMES FOR CHILDREN, INC.

## Notes to Financial Statements

December 31, 2025 and 2024

10. EXPENSES INCURRED, continued:

Expenses of OBHC are allocated to functional classifications as follows:

	Year Ended December 31, 2024				
	Program Activities		Supporting Activities		Total
	Children's Programs	Hope Pregnancy Centers	Home Office	Fundraising	
Salaries, wages, and benefits	\$ 4,782,351	\$ 1,806,954	\$ 680,964	\$ 2,341,734	\$ 9,612,003
Facilities and maintenance	1,684,171	351,331	203,641	16,855	2,255,998
Depreciation	1,501,420	217,884	81,821	90,549	1,891,674
Food and supplies	1,253,579	376,281	28,505	88,524	1,746,889
Training and travel	566,580	152,580	47,518	254,841	1,021,519
Other	165,404	201,282	140,908	261,803	769,397
Professional fees	122,732	265,263	75,639	166,202	629,836
Events	56,285	926	-	482,545	539,756
Technology	103,071	73,000	32,268	67,705	276,044
	10,235,593	3,445,501	1,291,264	3,770,758	18,743,116
Less nonoperating expense	-	-	(95,391)	-	(95,391)
Total Operating Expenses	\$ 10,235,593	\$ 3,445,501	\$ 1,195,873	\$ 3,770,758	\$ 18,647,725
Change in total operating expenses from prior year	\$ 1,069,994	\$ (52,832)	\$ 515,246	\$ (220,449)	\$ 1,311,959
Percent change in total operating expenses from prior year	10.45%	-1.53%	43.09%	-5.85%	7.04%

# OKLAHOMA BAPTIST HOMES FOR CHILDREN, INC.

## Notes to Financial Statements

December 31, 2025 and 2024

### 11. POST-RETIREMENT EMPLOYEE BENEFITS:

A summary of the post-retirement benefit liability is as follows:

	December 31, 2025		
	Health Care	Life Insurance	Total
Inactive retired participants	\$ 2,250,860	\$ 4,877	\$ 2,255,737
Active fully eligible participants	50,190	-	50,190
Active other participants	374,349	-	374,349
	\$ 2,675,399	\$ 4,877	\$ 2,680,276
	December 31, 2024		
	Health Care	Life Insurance	Total
Inactive retired participants	\$ 2,082,542	\$ 5,117	\$ 2,087,659
Active fully eligible participants	21,743	-	21,743
Active other participants	302,416	-	302,416
	\$ 2,406,701	\$ 5,117	\$ 2,411,818

The following tables provide a reconciliation of the changes in the post-retirement benefit obligations and the assumptions used in the actuarial calculations for each year:

	Year Ended December 31,	
	2025	2024
Benefit obligation, beginning of year	\$ 2,411,818	\$ 2,503,205
Net periodic post-retirement costs	131,784	138,829
Post-retirement-related changes other than net periodic postretirement cost	136,674	(230,216)
Benefit obligation, end of year	\$ 2,680,276	\$ 2,411,818

# OKLAHOMA BAPTIST HOMES FOR CHILDREN, INC.

## Notes to Financial Statements

December 31, 2025 and 2024

### 11. POST-RETIREMENT EMPLOYEE BENEFITS, continued:

	Year Ended December 31,	
	2025	2024
Net periodic post-retirement cost, included in functional expenses:		
Service cost	\$ 38,804	\$ 43,438
Net periodic post-retirement cost other than service cost:		
Interest costs	132,401	124,134
Loss recognized	(39,421)	(28,743)
Net periodic post-retirement costs	\$ 131,784	\$ 138,829

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

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

	Year Ended December 31,	
	2025	2024
Change in discount rate assumption	\$ 66,427	\$ (143,908)
Change in other assumptions	137,400	1,394
Actuarial loss	89,332	38,951
Benefits paid	(156,485)	(126,653)
	\$ 136,674	\$ (230,216)

Assumptions:

	December 31,	
	2025	2024
Projected health care trend rate (Medical/Rx)	7.7%/7.3%	5%/6.6%
Ultimate trend rate (Medical/Rx)	4.39%/4.89%	4.37%/4.87%
Year ultimate trend rate is achieved	2033	2032
Discount rate	5.31%	5.57%

# OKLAHOMA BAPTIST HOMES FOR CHILDREN, INC.

## Notes to Financial Statements

December 31, 2025 and 2024

11. POST-RETIREMENT EMPLOYEE BENEFITS, continued:

The mortality basis was the Pri-2012 total dataset (generational projection using MP-2021-GFR for the years ended December 31, 2025 and 2024).

Expected future minimum benefit payments for the post-retirement plan are as follows:

<u>Year Ending December 31,</u>	
2026	\$ 160,560
2027	171,198
2028	179,255
2029	187,703
2030	202,670
Thereafter	<u>1,778,890</u>
	<u>\$ 2,680,276</u>

12. DEFINED CONTRIBUTION PLAN:

All full time employees of OBHC are eligible to participate in a defined contribution plan through GuideStone Financial Resources of the Southern Baptist Convention (SBC). Under the plan, OBHC contributes an amount equal to five percent of employees' salaries for plan participants. OBHC also matches employee contributions up to 2.5 percent of participating employees' salaries. When an employee reaches year five of employment, employees are eligible to increase matching contributions from 2.5 percent to up to five percent of salary. Employee contributions are voluntary. Total pension expense, for the years ended December 31, 2025 and 2024, was \$569,077 and \$543,082, respectively.

13. RELATED PARTIES:

OBHC is affiliated with all organizations whose directors or trustees are elected by the participating churches of the Oklahoma Baptists at its annual meeting. Principal affiliates of OBHC are Oklahoma Baptists, WatersEdge, Oklahoma Baptist University, and Baptist Village Communities of Oklahoma, Inc. As of December 31, 2025 and 2024, OBHC had amounts due from related parties of approximately \$160,000 and \$120,000, respectively, which are included in prepaid expenses and other on the statements of financial position.

As discussed in Note 2, WatersEdge holds and manages investments and beneficial interests in funds held by others on behalf of OBHC. As of December 31, 2025 and 2024, investments and beneficial interests in funds held by WatersEdge on behalf of OBHC were approximately \$99,000,000 and \$97,000,000, respectively. In relation to holding and managing OBHC's investments, WatersEdge charged total fees of approximately \$850,000 and \$863,000, for the years ended December 31, 2025 and 2024, respectively, which are included in investment income on the statements of activities.

# OKLAHOMA BAPTIST HOMES FOR CHILDREN, INC.

## Notes to Financial Statements

December 31, 2025 and 2024

13. RELATED PARTIES, continued:

OBHC made rent payments to WatersEdge for office space under a right-of-use operating lease totaling \$219,654 for the year ended December 31, 2025. OBHC made rent payments to Oklahoma Baptists for office space under a short-term lease totaling \$183,540 for the year ended December 31, 2024.

In addition, OBHC paid Oklahoma Baptists approximately \$181,000 and \$153,000 for the years ended December 31, 2025 and 2024, respectively, for insurance, printing, postage, and other miscellaneous costs.

Additionally, OBHC receives contributions from related parties, including committee members, strategic advisors, members of management, and other related parties. These amounts were approximately \$1,828,000 and \$179,000 for the years ended December 31, 2025 and 2024, respectively.

During the years ended December 31, 2025 and 2024, OBHC received contributions from the SBC cooperative program of approximately \$661,000 and \$664,000, respectively.

14. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through May 21, 2026, which represents the date the consolidated financial statements were available to be issued, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.