

Information for Participants



This Information to Participants describes the availability of certain Common Investment Funds and portfolios, and the terms and conditions under which The Baptist Foundation of California offers its investment services to Southern Baptists and other qualifying charitable organizations. This Information to Participants is given in compliance with the Philanthropy Protection Act of 1995 and is addressed only to organizations in the categories described below (see “Who can Invest with the Baptist Foundation of California”). This Information to Participants is not intended to be distributed to any other person or entity, or for any other purpose.

THIS INFORMATION STATEMENT HAS NOT BEEN REVIEWED OR APPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY OTHER FEDERAL OR STATE REGULATORY AUTHORITY. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THE BAPTIST FOUNDATION OF CALIFORNIA IS NOT REGISTERED AS AN INVESTMENT ADVISER AND DOES NOT PROVIDE INVESTMENT ADVICE TO PARTICIPANTS OF THE COMMON INVESTMENT FUNDS OR PORTFOLIOS DESCRIBED HEREIN. INVESTMENT ADVICE, IF ANY, TO PARTICIPANTS OF THE COMMON INVESTMENT FUNDS OR PORTFOLIOS SHOULD BE PROVIDED BY SEPARATELY COMPENSATED THIRD-PARTY INVESTMENT ADVISERS WHO ARE REGISTERED UNDER FEDERAL AND/OR STATE LAW OR ARE EXEMPT FROM SUCH REGISTRATION.

There are certain investment risks associated with any investment and it should be noted that:

Investment products and services are not FDIC insured, are not deposits of or other obligations of The Baptist Foundation of California, are not guaranteed by the Foundation and involve investment risk, including possible loss of principal amount invested.

Past performance is no guarantee of future performance.

This disclosure statement is published annually. Current information is available upon request.

Who is The Baptist Foundation of California?

The Baptist Foundation of California is a California Nonprofit Religious Corporation (“the Foundation” or “BFC”) and was incorporated in 1952 by incorporators selected by the Executive Board of the California Southern Baptist Convention (“Baptist Convention”). BFC is governed by a board of directors elected by the Baptist Convention.

The Foundation’s income comes primarily from five sources: (a) management fees for assets managed by the Foundation through its Trust Division; (b) management and related fees earned through its Lending Services Division; (c) investment income; (d) gifts and (e) other miscellaneous sources.

The Foundation’s Asset Management and Trust Division manages assets in two primary classes. First, investment in securities (stocks, corporate bonds, Exchange Traded Funds, limited partnerships, etc.) is made through diversified portfolios using a manager of managers approach.

Clients seeking to invest in securities have a menu of options for such investment which can be provided upon request. Second, assets may be invested in the Foundation's own Common Investment Funds (CIFs). The Common Investment Funds are primarily invested in church loans and church bonds. Such investments are viewed as Missional Impact Investments and are in keeping with the mission of the Foundation and the expectations of participants. Many of the church loans were originated by the Foundation's Lending Services Division.

What is the purpose of The Baptist Foundation of California?

The Foundation - exists to help resource the expansion of the Kingdom of God in California, across the nation, and around the world.

The primary purpose of the Foundation in fulfilling its mission is to generate perpetual resources for Baptist and other Christian causes by serving faithful stewards. The Foundation generates perpetual resources as it grows the trusts, endowments and other assets it manages. Each year the Foundation distributes millions of dollars of earnings from these funds to Baptist entities and others within California, the US, and around the world. The Foundation grows the funds it manages by promoting charitable bequests through thoughtfully planned and properly drafted estate plans, assisting with the planning and implementing of charitable gift arrangements, and managing assets entrusted to the Foundation with the ultimate aim of providing support for the mission and ministry efforts of Southern Baptists and other like-minded Christians.

The Foundation encourages faithful stewardship by:

- Managing funds entrusted to it in an effective and socially responsible manner;
- Educating people in biblical stewardship, appropriate Christian inheritance planning, and financial management techniques;
- Providing fiduciary and fund management services which facilitate fiscally responsible investing and the resourcing of ministry;
- Striving for excellence and efficiency in all operational activities; and
- Operating with the highest Christian moral and ethical standards.

Who can invest with The Baptist Foundation of California?

The Foundation manages funds for entities or trusts which fall into one or more of the following categories of "Eligible Participants": (1) Baptist institutions, agencies, commissions, foundations, organizations, associations, and churches which are recognized as exempt from federal income tax under 501(c)(3) of the Internal Revenue Code of 1986 as amended ("charitable entity") and who are affiliated with the California Southern Baptist Convention, the Southern Baptist Convention or other state Baptist Conventions ("Baptist entity"); or (2) a trust with either its total remainder or its income for a predetermined period designated for charitable organizations in accordance with IRS guidelines with at least half of the distributions designated to be made to a Baptist entity; or (3) such other qualified charitable trusts or charitable entities, which may or may not be affiliated with said Baptist Conventions, the funds of which the Board of Directors of The Baptist Foundation of California has determined would be appropriate to receive and administer. None of the funds invested with the Foundation may be held as part of a Participant's retirement plan (such as a 403b or 401k plan).

Biblically Responsible Investing

The Foundation, responding to the Biblical challenge of responsible stewardship, calls for conscious investment decisions consistent with Christian morality and ethical principles. Assets managed by the Foundation are managed with consideration for Christian moral and ethical values of investing. The Foundation encourages investment in those corporations that promote the common good and avoids, where administratively feasible, investment in companies whose principal business activities are inconsistent with Christian moral and ethical values. An overview of the social screening characteristics applied to equity and debt investments is described in The Baptist Foundation of California Investment Policy. The policy is available upon request.

How does a church invest with the Foundation?

Any organization wishing to have their assets managed by the Foundation must sign an Investment Custodial Agreement. Once the signed agreement and assets are received in the Foundation's office, investments are made in an allocation selected by the investing organization. The assets are not held in the name of the Foundation but rather in a custodial account. Purchases and withdrawals may be made in the form of check, ACH, or wire transfer.

Schedule of Fees

Fees for managed funds apply to those accounts managed by the Foundation. The fee is an annualized fee based on the assets under management. All fees shall be payable from the assets invested by the Participants in the Funds. All asset management fees and additional fees for various services may apply and can be found in the BFC Fee Schedule. Fees are subject to change.

PRIVACY NOTICE

THE BAPTIST FOUNDATION OF CALIFORNIA

The providers of services that are financial in nature are now required to inform their clients of their policies regarding privacy of client information. Although the Foundation has always protected its clients' right to privacy, maintaining the trust and confidence of all clients remains a high priority.

The Foundation collects nonpublic personal information about clients that is provided by or obtained about its clients with your authorization.

For both current and former clients, the Foundation will not disclose any nonpublic personal information obtained in the course of business except as required or permitted by law. Permitted disclosures include, for example, providing information to our employees and in limited situations, to unrelated third party service providers who need to know that information to assist us in providing specific services to you. In all such situations, we stress the confidential nature of the information being shared.

The Foundation retains records relating to services provided to better assist clients and in some cases, to comply with professional guidelines. In order to guard clients' nonpublic personal information, the Foundation maintains physical, electronic, and procedural safeguards that comply with professional standards.

Please call the Foundation offices at (909) 738-4000 or toll-free at 877-322-1001 if you have any questions, because your privacy, our professional ethics, and our ability to provide you with quality services are very important to us.

THE BAPTIST FOUNDATION OF CALIFORNIA INVESTMENT CUSTODIAL AGREEMENT

Assets (collectively referred to as the "Asset") that are transferred by Participants to The Baptist Foundation of California for management under this Investment Custodial Agreement, will be held and invested in accordance with the following terms and conditions:

- The Asset of the Participants and control of the Asset remain with the Participants. The Asset is held by the Foundation in a custodial capacity only for investment purposes and not as a trust. The Foundation shall manage the Asset according to the Uniform Management of Institutional Funds Act as provided by California statutes.
- The Foundation shall invest and reinvest the Asset in compliance with Participants' written instructions. The Participants may choose to allocate the Asset among the investment options offered by the Foundation, including, but not limited to one or more Common Investment Funds and the securities investments maintained by the Foundation. Until written instructions are received, the Foundation shall invest the portion of the Asset for which instructions have not been received in its BFC Cash Fund. Buys and sells in all the Foundation's funds are normally made on the first day of each month. The Foundation may employ consultants and advisors concerning management of assets and its Common Investment Funds and the underlying portfolios that constitute its Common Investment Funds. Foundation shall furnish Participants a quarterly account statement showing status and earnings of the assets. Foundation shall pay income, or make distribution, on the assets in accordance with the written directions of the Participants and the then current policies of the Foundation. Foundation shall at all times hold and administer assets in accordance with the terms of Foundation's Investment Policy which may be modified by the Foundation from time to time.
- The Foundation shall, upon specific instructions of Participants, separately invest such portion of the Asset(s) as Participants shall require, provided, however, that on such separately invested Assets, Foundation shall deduct its cost recovery charge prior to determining the net income of such separately invested Asset.
- Participants acknowledge that the Foundation will receive a management fee in accordance with its stated schedule. The fee is an annualized fee based on the assets under management. All fees shall be payable from the assets invested by the Participants with the Foundation.
- Participants or the Foundation may cancel this Agreement at any time by a 30-day written notice. Upon termination, the Foundation shall distribute all assets then held by it hereunder to the Participants.

- Participants may withdraw all or a portion of the assets held under the terms of this Agreement at any time during the term of this Agreement upon 30 days prior written notice, signed by the designated representative of Participants. The Foundation reserves the right to distribute assets in kind (direct distribution of the Common Investment Fund assets, i.e. bonds, loans, etc.) rather than be required to liquidate the assets.
- The Agreement shall be governed by and interpreted in accordance with laws of the State of California.
- Participants represent that they are recognized as exempt from federal income tax under §501(c)(3) of the Internal Revenue Code of 1986, as amended, and are one, or more, of the following: (i) Baptist institution, agency, commission, foundation, association or church affiliated with the California Southern Baptist Convention, the Southern Baptist Convention or other state Baptist Conventions; or (ii) a trust with either its total remainder or its income for a predetermined period designated for charitable organizations in accordance with IRS guidelines and at least one-half the distribution designated to be made to a Baptist institution, agency, commission, association or church affiliated with the California Southern Baptist Convention, the Southern Baptist Convention or other state Baptist Conventions; or (iii) such other qualified charitable trust or entity, which may or may not be affiliated with said Baptist Conventions, the Assets of which the Board of Directors of The Baptist Foundation of California determines it will receive and administer.
- Participants, by their execution of this Agreement, acknowledge and certify that the entirety of the Asset invested consists either of general endowment funds or other funds of one or more charitable entities as defined in the preceding paragraph. Participants warrant that no part of the Asset is held for or is part of a retirement plan.
- Participants acknowledge receipt and review of the Foundation's "Information to Participants" booklet that describes the material terms of operation of the Common Investment Funds and their underlying portfolio that constitute the Common Investment Funds offered by the Foundation. Participants acknowledge that they have reviewed the investment policies of the Foundation contained therein and that the Participant or its representatives, possess such knowledge and experience in investments of this type to independently evaluate the risks and merits of the investment options made available by the Foundation. Participants acknowledge that the Foundation does not guarantee the results of its investment strategies. Past investment performance history of the Common Investment Funds and the underlying portfolios that constitute the Common Investment Funds or other investment options, is not an indicator nor a guarantee of future performance.
- All notices and requests after the date of Agreement established by the Foundation and a Participant shall be deemed to have been duly given if in writing and delivered or sent by U.S. mail, to the respective addresses provided at the beginning of the Agreement.

- Participants are prohibited from assigning, encumbering or otherwise transferring its interests in the Common Investment Funds, the underlying portfolios that constitute the Common Investment Funds or any other investment option made available by the Foundation under the terms of this Agreement. This paragraph shall not affect Participants' right to distributions as provided elsewhere in this Agreement.

- In consideration of the services provided in this Agreement, Participants agree to release and hold harmless the Foundation, its officers, directors and employees, for any errors or omissions that may occur in relation to the Foundation's good faith performance of its duties. In particular and without limitation, a Participant acknowledges that it understands that the Foundation does not guarantee any return on investment or the principal invested, that the Asset when invested is subject to gains or losses due to market conditions, the economy and the performance of particular investments and the Participant by its signature hereto, agrees to, and hereby does, hold the Foundation harmless from any claims that Participants might have in the future arising out of such errors or omissions.

**Vision**

The Baptist Foundation of California will be the trusted operating foundation for California Southern Baptists through its faithful pursuit of excellence and relevance.

Mission

The Baptist Foundation of California exists to serve Baptists by raising, managing, and distributing financial resources for Kingdom causes.

Core Values:**God Honoring**

Holding God in highest regard as our ultimate authority, we strive to be Christ-centered and Biblically based in all that we do.

Integrity

Doing the right thing in all business transactions with transparency, so we remain true to our values while earning the trust of our clients and peers.

Excellence

Seeking to exceed expectations by delivering exceptional services, while displaying professional expertise and operational superiority.

Service

Displaying a true servant's heart for helping others by placing the needs of clients, colleagues and others above our own while showing courtesy and respect to everyone.