

THE ALBERT BAKER FUND

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

**YEARS ENDED
SEPTEMBER 30, 2025 AND 2024**

INDEPENDENT AUDITOR'S REPORT

**Board of Trustees
The Albert Baker Fund
Folsom, California**

Opinion

We have audited the accompanying financial statements of The Albert Baker Fund (ABF), which comprise the statements of financial position as of September 30, 2025 and 2024, and the related statements of activities, functional expenses, 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 ABF as of September 30, 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 ABF 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 the 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 ABF's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 ABF'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 ABF'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.



GILBERT CPAs
Sacramento, California

February 20, 2026

THE ALBERT BAKER FUND

STATEMENTS OF FINANCIAL POSITION SEPTEMBER 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
ASSETS:		
Cash	\$ 215,433	\$ 208,833
Contributions receivable	11,000	522,000
Accounts receivable	120,007	95,986
Prepaid expenses and other assets	27,924	19,537
Student loans receivable (net of allowance for credit losses (\$245,424 in 2025 and \$263,727 in 2024))	568,057	770,116
Investments	40,396,127	34,925,876
Property and equipment, net	23,241	40,622
Operating lease, right-of-use asset	<u>27,157</u>	<u>79,857</u>
TOTAL ASSETS	<u>\$ 41,388,946</u>	<u>\$ 36,662,827</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 42,315	\$ 42,285
Operating lease liability	<u>28,307</u>	<u>82,347</u>
TOTAL LIABILITIES	<u>70,622</u>	<u>124,632</u>
 NET ASSETS:		
Net assets without donor restrictions	38,148,814	33,787,842
Net assets with donor restrictions	<u>3,169,510</u>	<u>2,750,353</u>
Total net assets	<u>41,318,324</u>	<u>36,538,195</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 41,388,946</u>	<u>\$ 36,662,827</u>

THE ALBERT BAKER FUND

STATEMENTS OF ACTIVITIES YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
REVENUE AND SUPPORT:		
Contributions	\$ 383,966	\$ 378,431
Bequests	119,843	306,782
Student loan interest		3,836
Other	46,169	29,017
Net assets released from restrictions	<u>606,347</u>	<u>918,465</u>
Total revenue and support	<u>1,156,325</u>	<u>1,636,531</u>
EXPENSES:		
Program services:		
Post-secondary - grants	1,271,739	1,742,440
International post-secondary	426,087	367,971
Christian Science nurse training	135,145	196,307
Post-secondary - student loans	<u>50,352</u>	<u>49,744</u>
Total program services	<u>1,883,323</u>	<u>2,356,462</u>
Supporting services:		
Management and general	488,600	505,254
Fundraising	<u>424,697</u>	<u>465,830</u>
Total supporting services	<u>913,297</u>	<u>971,084</u>
Total expenses	<u>2,796,620</u>	<u>3,327,546</u>
LOSS FROM OPERATIONS	(1,640,295)	(1,691,015)
Interest and investment income	<u>6,001,267</u>	<u>6,540,178</u>
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>4,360,972</u>	<u>4,849,163</u>
NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions and grants	457,055	685,194
Bequests	10,000	10,000
Investment income	558,449	599,503
Net assets released from restrictions	<u>(606,347)</u>	<u>(918,465)</u>
INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>419,157</u>	<u>376,232</u>
INCREASE IN NET ASSETS	4,780,129	5,225,395
NET ASSETS, Beginning of year	<u>36,538,195</u>	<u>31,312,800</u>
NET ASSETS, End of year	<u>\$ 41,318,324</u>	<u>\$ 36,538,195</u>

The accompanying notes are an integral part of these financial statements.

THE ALBERT BAKER FUND

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED SEPTEMBER 30, 2025

	<u>Program services</u>				<u>Supporting services</u>		<u>Total</u>
	<u>Post- secondary grants</u>	<u>International post- secondary</u>	<u>Christian Science nurse training</u>	<u>Post- secondary student loans</u>	<u>Management and general</u>	<u>Fundraising</u>	
Grants expense	\$ 983,949	\$ 178,369	\$ 87,200	\$ -	\$ -	\$ -	\$ 1,249,518
Personnel costs	224,456	100,029	42,356	33,908	313,220	311,463	1,025,432
Travel and entertainment	20,603	24,672	337	-	36,078	38,410	120,100
Professional fees	800	76,230	-	-	35,275	5,335	117,640
Occupancy expenses	6,794	3,139	1,230	501	35,146	4,479	51,289
Marketing	15,192	428	-	-	3,775	31,027	50,422
Information technology costs	3,185	25,469	-	-	6,938	2,195	37,787
Software and equipment	162	565	-	-	20,226	15,912	36,865
Depreciation and amortization	12,466	7,170	3,699	-	-	7,310	30,645
Bank and credit card fees	256	7,826	66	-	5,637	2,651	16,436
Loan management and collection	-	-	-	15,373	-	-	15,373
Telephone and communications	1,462	656	257	470	7,341	936	11,122
Office expenses	2,305	130	-	-	7,393	662	10,490
Miscellaneous expenses	109	1,404	-	100	17,571	4,317	23,501
Total	<u>\$ 1,271,739</u>	<u>\$ 426,087</u>	<u>\$ 135,145</u>	<u>\$ 50,352</u>	<u>\$ 488,600</u>	<u>\$ 424,697</u>	<u>\$ 2,796,620</u>

The accompanying notes are an integral part of these financial statements.

THE ALBERT BAKER FUND

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED SEPTEMBER 30, 2024

	<u>Program services</u>				<u>Supporting services</u>		<u>Total</u>
	<u>Post- secondary grants</u>	<u>International post- secondary</u>	<u>Christian Science nurse training</u>	<u>Post- secondary student loans</u>	<u>Management and general</u>	<u>Fundraising</u>	
Grants expense	\$ 1,475,752	\$ 163,646	\$ 147,091	\$ -	\$ -	\$ -	\$ 1,786,489
Personnel costs	213,613	93,556	37,756	32,400	298,705	332,729	1,008,759
Travel and entertainment	12,332	13,636	2,729	-	55,127	47,520	131,344
Professional fees	1,238	72,810	-	-	32,250	6,765	113,063
Occupancy expenses	6,728	3,063	1,100	489	34,842	4,122	50,344
Marketing	8,381	330	-	-	6,637	28,857	44,205
Information technology costs	7,520	3,701	3,525	-	14,999		29,745
Software and equipment	-	-	-	-	27,671	20,105	47,776
Depreciation and amortization	12,466	7,170	3,699	-	700	16,480	40,515
Bank and credit card fees	489	6,876	113	4	3,668	1,952	13,102
Loan management and collection	-	-	-	16,276	-	-	16,276
Telephone and communications	1,514	3,091	248	475	7,779	1,380	14,487
Office expenses	2,084	-	-	-	7,276	839	10,199
Miscellaneous expenses	323	92	46	100	15,600	5,081	21,242
Total	<u>\$ 1,742,440</u>	<u>\$ 367,971</u>	<u>\$ 196,307</u>	<u>\$ 49,744</u>	<u>\$ 505,254</u>	<u>\$ 465,830</u>	<u>\$ 3,327,546</u>

The accompanying notes are an integral part of these financial statements.

THE ALBERT BAKER FUND

STATEMENTS OF CASH FLOWS YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 4,780,129	\$ 5,225,395
Reconciliation to net cash used by operating activities:		
Repayments from loan recipients	202,059	256,368
Depreciation and amortization	30,645	40,515
Net gain on investments	(6,028,126)	(6,538,422)
Receipt of donated investments	(216,040)	(199,242)
Reduction in operating lease, right-of-use asset	52,700	50,665
Changes in:		
Contributions receivable	511,000	(125,000)
Accounts receivable	(24,021)	41,694
Prepaid expenses and other assets	(8,387)	(2,185)
Accounts payables and accrued expenses	30	(5,012)
Operating lease liability	(54,040)	(50,362)
Net cash used by operating activities	<u>(754,051)</u>	<u>(1,305,586)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(19,751,056)	(15,220,574)
Proceeds from sales and maturities of investments	20,524,971	16,497,004
Purchases of property and equipment	<u>(13,264)</u>	<u>-</u>
Net cash provided by investing activities	<u>760,651</u>	<u>1,276,430</u>
NET INCREASE (DECREASE) IN CASH	6,600	(29,156)
CASH, Beginning of year	<u>208,833</u>	<u>237,989</u>
CASH, End of year	<u>\$ 215,433</u>	<u>\$ 208,833</u>

The accompanying notes are an integral part of these financial statements.

THE ALBERT BAKER FUND

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2025 AND 2024

1. ORGANIZATION AND PROGRAMS

The Albert Baker Fund (ABF) is a California nonprofit public benefit corporation organized in 1964. ABF's mission is to serve the cause of Christian Science and humanity by providing resources for the education and development of Christian Scientists. ABF offers assistance to students who are members of The Mother Church, The First Church of Christ Scientist, Boston, Massachusetts, one of its branch churches or societies, or are otherwise active Christian Scientists, to finance college and university education, graduate school, Christian Science nurse training, or vocational school, by way of grants or through the establishment of scholarships.

The Albert Baker Fund's programs include the following:

Post-Secondary Program – Student Loans and Grants

This program is ABF's original program and provides financial aid for the education of active Christian Scientists accepted to accredited colleges, universities or vocational educational institutions in the United States and Canada. Students pursuing traditional academic degree or certificate programs as well as vocational training who qualify for aid were typically awarded a combination of loan funding and a grant. As of July 2021, ABF no longer offers loans. ABF will continue to incur expenses with respect to extant loans until these are collected in full. Awards now consist solely of grants. Other post-secondary programs include Christian Science military chaplain program grants.

Additionally, ABF administered grants for graduates of the National Leadership Council program. These grants were externally funded and the program was contingent on external funding availability. This program was discontinued in 2024.

International Post-Secondary

In addition to the United States and Canada, ABF provides financial resources for the education of active Christian Scientists in: (eleven African countries) Benin, Cameroon, Democratic Republic of the Congo, Ghana, Kenya, Nigeria, Republic of the Congo, Rwanda, Togo, Uganda, and Zambia; France, Germany, Switzerland, the United Kingdom, and the Philippines.

Christian Science Nurse Training

This program provides need-based grants for tuition to Christian Scientists who enroll in accredited Christian Science nurse training with the goal of seeking listing in The Christian Science Journal or working full-time as Christian Science nurses.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation – The financial statements are prepared on the accrual basis of accounting and in conformity with professional standards applicable to not-for-profit entities. ABF reports information regarding its financial position and activities according to two classes of net assets: *net assets without donor restrictions* and *net assets with donor restrictions*.

THE ALBERT BAKER FUND

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2025 AND 2024

Revenue recognition – Contributions and grants are recognized in full when received or unconditionally promised, in accordance with professional standards. All contributions are considered available for unrestricted use unless specifically restricted by donors for future periods or specific purposes. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the condition. Donor-restricted amounts are reported as increases in net assets with donor restrictions. Net assets with donor restrictions become unrestricted when the time restrictions expire, or the contributions are used for the restricted purpose and are reported in the statements of activities as net assets released from restrictions. Net assets with donor restrictions held in perpetuity are those net assets whose use by ABF is restricted by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled and removed by the actions of ABF.

Cash and cash equivalents – For financial statement purposes, ABF considers all investments with an initial maturity of three months or less to be cash equivalents, unless held for long-term investing purposes.

ABF maintains its cash in bank deposit accounts that at times may exceed federally insured limits. ABF's deposits held with financial institutions in excess of federal deposit insurance limits were \$278,611 and \$440,096 as of September 30, 2025 and 2024, respectively. ABF has not experienced any losses in such accounts. Management believes ABF is not exposed to any significant credit risk related to cash.

Contributions receivable are considered to be available for general operations unless specifically restricted by the donor. Contributions receivable are recognized when supported by a written contract to make a contribution and are reported net of the allowance for uncollectible accounts. However, management has determined that no allowance is deemed necessary at September 30, 2025 and 2024, based on their conclusion that all contributions were collectible. Management has determined that the present value discount related to long-term contributions receivable is not material, therefore a present value discount has not been recorded.

Contributions receivable as of September 30, 2025 of \$11,000 are expected to be collected within one year.

Contributions receivable as of September 30, 2024 of \$522,000 were expected to be collected within one year.

Accounts receivable consists of accrued interest and dividends and employee advances owed to ABF. As of September 30, 2025, 2024, and 2023, accounts receivable in the amounts of \$81,903, \$65,946, and \$89,000, respectively, are stated at the amount management expects to collect from outstanding balances and are expected to be collected within one year. Management believes that all accounts are collectible, and no allowance for credit losses is necessary.

Student loans receivable are stated at the unpaid balance, less an allowance for credit losses. Management provides for probable uncollectible amounts through a provision for credit losses and an adjustment to an allowance for credit losses based on its assessment of the current status of individual accounts including consideration given to historical loan loss experience, delinquency status, contractual obligations, specific impaired loans, current market conditions, and reasonable and supportable forecasts of future economic conditions, which may affect the ability of borrowers to meet their obligations. Balances that are still outstanding after management has used reasonable

THE ALBERT BAKER FUND

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2025 AND 2024

collection efforts are written off through a charge to the allowance for credit losses. Loan charge-offs are approved by the Board of Trustees and only occur when there has been no contact with the borrower or co-signer for several years. All loan balances of deceased borrowers are forgiven. ABF bears the full risk of borrower default in the portfolio. The allowance for credit losses is maintained at a level which, in management's judgment, is adequate to absorb credit losses inherent in the loan portfolio. However, because of uncertainties associated with these judgements and assumptions, it is reasonably possible that management's estimate of credit losses inherent in the loan portfolio and the related allowance may change materially in the near term.

Investments and fair value measurements – Purchases and sales of securities are recorded on a trade date basis. Realized gains and losses on investments in securities are calculated based on the first-in, first-out method, and are reflected in the statements of activities. Dividend income is recorded on the ex-dividend date and interest income is recorded on the accrual basis.

Investments are recorded at estimated fair value and held for long-term purposes.

Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same—to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability). In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, as follows:

Level 1 Inputs	Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
Level 2 Inputs	Inputs other than quoted prices in active markets that are observable either directly or indirectly.
Level 3 Inputs	Unobservable inputs for the asset or liability.

When a price for an identical asset or liability is not observable, a reporting entity measures fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. As a result, a reporting entity's intention to hold an asset or to settle or otherwise fulfill a liability is not relevant when measuring fair value.

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NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2025 AND 2024

Fair value is measured using valuation techniques appropriate to each class of asset or liability, as follows:

Marketable securities (readily determinable fair value)	Share price data from the active markets in which the securities and funds are traded.
Limited Partnerships and other marketable securities	Net Asset Value (NAV) is used as a practical expedient unless ABF believes such NAV calculation is not measured in accordance with fair value. These values may differ significantly from values that would have been used had a readily available market existed for such investments, and that difference could be material to the change in net assets of ABF.

ABF follows guidance relating to investments in certain entities that calculate NAV. The guidance permits, as a practical expedient, a reporting entity to measure the fair value of the investment, within its scope, on the basis of NAV if the NAV of the investment is calculated in a manner consistent with the measuring principles of accounting for investment companies as of the reporting entity's measurement date. These investments are not categorized within the fair value hierarchy. Additional disclosures about the attributes of such investments by major category are shown in Note 4.

Property and equipment are stated at cost, or if donated, at the estimated fair market value at the date of donation. ABF capitalizes all expenditures for property and equipment in excess of \$1,000. Depreciation and amortization is computed using the straight-line method over estimated useful lives of individual assets ranging from 5 to 10 years.

Leases – ABF determines if an arrangement is or contains a lease at inception. Leases are included as right-of-use (ROU) asset and lease liability in the statements of financial position. The ROU asset and lease liability reflect the present value of the future minimum lease payments over the lease term, and the ROU asset is also adjusted for prepaid or accrued rent. ABF uses the rate implicit in the lease if it is determinable. If the rate is not determinable, management uses ABF's risk-free borrowing rate based on the information available at lease commencement. Operating lease expense is recognized on a straight-line basis over the lease term. Lease terms may include options to renew, extend or terminate to the extent they are reasonably certain to be exercised. ABF does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Grants awarded – ABF recognizes grant expense at the time the award has been approved by ABF's Scholarships and Student Success Manager.

Functional allocation of expenses – The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Personnel costs and professional fees are allocated based on management's estimate of time and effort. Occupancy, telephone and communication, and depreciation and

THE ALBERT BAKER FUND

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2025 AND 2024

amortization expenses are allocated based on square footage. All other expenses are specifically identified with a particular department and are presented as such on the statements of functional expenses.

Income taxes – ABF is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. ABF has applied the accounting principles related to accounting for uncertainty in income taxes and has determined that there is no material impact on the financial statements. With some exceptions, ABF is no longer subject to U.S. federal and state income tax examinations by tax authorities for years prior to 2021.

Use of estimates – 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent events have been evaluated through February 20, 2026, the date the financial statements were issued. Management concluded that no material subsequent events have occurred since September 30, 2025 that require recognition or disclosure in the financial statements.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

ABF's financial assets available within one year of the statement of financial position date for general expenditure are as follows, as of September 30:

	<u>2025</u>	<u>2024</u>
Cash	\$ 215,433	\$ 208,833
Contributions receivable	11,000	522,000
Accounts receivable, current portion	81,903	65,946
Student loans receivable, current portion	147,005	177,978
Investments	<u>40,396,127</u>	<u>34,925,876</u>
Total financial assets	40,851,468	35,900,633
Less amounts unavailable for general expenditures within one year, due to:		
Investments valued using NAV (not available for liquidation)	(4,770,407)	(4,312,734)
Restriction by donors for time, purpose, or to be held in perpetuity	<u>(3,169,510)</u>	<u>(2,750,353)</u>
Total financial assets available for general expenditure within one year	<u>\$ 32,911,551</u>	<u>\$ 28,837,546</u>

ABF maintains cash on hand to meet 30 days of normal operating expenses, which total, on average, approximately \$125,000, plus the amount needed to pay approved awards.

ABF has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, ABF invests excess operating cash in short-term investments.

THE ALBERT BAKER FUND

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2025 AND 2024

4. INVESTMENTS

Investments consist of the following as of September 30, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>NAV</u>	<u>Total</u>
Cash and cash equivalents	\$ 1,140,063	\$ -	\$ -	\$ 1,140,063
Common stock:				
Technology	6,630,261	-	-	6,630,261
Industrials	4,455,447	-	-	4,455,447
Financial	3,329,370	-	-	3,329,370
Communication services	2,184,233	-	-	2,184,233
Consumer discretionary	1,589,690	-	-	1,589,690
Energy	925,299	-	-	925,299
Consumer staples	789,165	-	-	789,165
Materials	760,569	-	-	760,569
Utilities	613,818	-	-	613,818
Consumer cyclical	374,511	-	-	374,511
Health care	368,464	-	-	368,464
Real estate	289,368	-	-	289,368
Consumer defensive	140,433	-	-	140,433
Other	263,213	-	-	263,213
Mutual funds:				
Infrastructure	1,682,161	-	-	1,682,161
High yield	1,504,557	-	-	1,504,557
Long/short	1,431,787	-	-	1,431,787
Large core	954,584	-	-	954,584
Core fixed income	484,142	-	-	484,142
Unconstrained fixed income	115,212	-	-	115,212
International core	42,083	-	-	42,083
Managed futures	12,844	-	-	12,844
Emerging markets	9,299	-	-	9,299
Fixed income:				
Corporate bonds	-	2,470,570	-	2,470,570
U.S. Treasuries	-	1,864,483	-	1,864,483
Federal agencies	1,200,094	-	-	1,200,094
Investments valued using NAV	-	-	4,770,407	4,770,407
Total investments	<u>\$ 31,290,667</u>	<u>\$ 4,335,053</u>	<u>\$ 4,770,407</u>	<u>\$ 40,396,127</u>

THE ALBERT BAKER FUND

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2025 AND 2024

Investments consist of the following as of September 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>NAV</u>	<u>Total</u>
Cash and cash equivalents	\$ 507,820	\$ -	\$ -	\$ 507,820
Common stock:				
Technology	5,632,411	-	-	5,632,411
Industrials	3,523,110	-	-	3,523,110
Financial	2,400,718	-	-	2,400,718
Communication services	1,993,544	-	-	1,993,544
Consumer discretionary	2,020,093	-	-	2,020,093
Energy	706,052	-	-	706,052
Consumer staples	1,160,080	-	-	1,160,080
Materials	801,278	-	-	801,278
Utilities	483,359	-	-	483,359
Consumer cyclical	515,907	-	-	515,907
Health care	368,382	-	-	368,382
Real estate	204,668	-	-	204,668
Consumer defensive	74,216	-	-	74,216
Other	203,077	-	-	203,077
Mutual funds:				
Infrastructure	1,457,233	-	-	1,457,233
High yield	1,274,243	-	-	1,274,243
Long/short	1,452,751	-	-	1,452,751
Large core	819,132	-	-	819,132
Core fixed income	349,399	-	-	349,399
Unconstrained fixed income	88,762	-	-	88,762
International core	37,620	-	-	37,620
Managed futures	125,761	-	-	125,761
Emerging markets	8,596	-	-	8,596
Fixed income:				
Corporate bonds	-	1,998,943	-	1,998,943
U.S. Treasuries	2,405,987	-	-	2,405,987
Investments valued using NAV	-	-	4,312,734	4,312,734
Total investments	<u>\$ 28,614,199</u>	<u>\$ 1,998,943</u>	<u>\$ 4,312,734</u>	<u>\$ 34,925,876</u>

ABF uses the NAV to determine the fair value of all the underlying 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 the attributes of an investment company.

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NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2025 AND 2024

The following table lists investments in other investment companies (in partnership format) by major category as of September 30, 2025:

	Number of Funds	NAV in Funds	Unfunded Commitments	Remaining Life	Redemption Restrictions	Redemption Notice Period
Natural resources/ commodities funds	1	\$ 183,465	\$ -	N/A	quarterly and no exit	90 days
Real estate funds	1	18,001	-	N/A	quarterly and no exit	90 days
Private equity funds	3	2,109,751	154,749	N/A	quarterly and no exit	90 days
Equity hedge funds	1	1,154,601	-	N/A	quarterly	60 days
Private credit funds	1	<u>1,304,589</u>	<u>-</u>	N/A	quarterly	N/A
Total		<u>\$ 4,770,407</u>	<u>\$ 154,749</u>			

The following table lists investments in other investment companies (in partnership format) by major category as of September 30, 2024:

	Number of Funds	NAV in Funds	Unfunded Commitments	Remaining Life	Redemption Restrictions	Redemption Notice Period
Natural resources/ commodities funds	1	\$ 368,526	\$ -	N/A	quarterly and no exit	90 days
Real estate funds	1	16,026	-	1 year	quarterly and no exit	90 days
Private equity funds	3	1,946,516	154,749	N/A	quarterly and no exit	90 days
Equity hedge funds	1	953,915	-	N/A	quarterly	60 days
Private credit funds	1	<u>1,027,751</u>	<u>-</u>	N/A	quarterly	N/A
Total		<u>\$ 4,312,734</u>	<u>\$ 154,749</u>			

5. STUDENT LOANS RECEIVABLE

Student loans, which are unsecured, bear no interest while the student is in school full time, or during the twelve-month grace period after graduation. Twelve months after graduation or withdrawal from full-time school attendance, repayment of the loan commences, and interest charges begin at below market rates. Effective July 2021, ABF no longer offers new student loans.

The interest rates on outstanding loans ranged between 1.75% and 3%. Beginning October 1, 2023, the interest rate was reduced to zero on all loans. ABF does not accrue interest on outstanding loan balances and only recognizes interest income when a payment has been received.

The maximum repayment period is 120 months from the date of graduation or withdrawal from college following a twelve-month grace period. Loan recipients accepted into *The Christian Science Journal* as listed Christian Science practitioners or Christian Science nurses will have one monthly payment forgiven for each month they are listed, if they were current with their payments when they became listed.

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Borrowers may request deferment of the repayment period if they are attending school full-time or part-time, or in cases of financial hardship. Borrowers serving in the military, Peace Corps, AmeriCorps, VISTA and similar government organizations may also request deferment.

Student loans receivable consist of the following as of September 30:

	<u>2025</u>	<u>2024</u>
Current	\$ 147,005	\$ 177,978
Long-term	666,476	855,865
Total	<u>813,481</u>	<u>1,033,843</u>
Allowance for credit losses	<u>(245,424)</u>	<u>(263,727)</u>
Student loans receivable, net	<u>\$ 568,057</u>	<u>\$ 770,116</u>

Change in the allowance for credit losses during the years ended September 30 were as follows:

	<u>2025</u>	<u>2024</u>
Beginning of year	\$ 263,727	\$ 268,440
Provision for credit losses	(9,446)	-
Forgiveness (deceased borrowers)	<u>(8,857)</u>	<u>(4,713)</u>
End of year	<u>\$ 245,424</u>	<u>\$ 263,727</u>

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of September 30:

	<u>2025</u>	<u>2024</u>
Furniture, fixtures and equipment	\$ 47,394	\$ 34,130
Internally developed software	<u>191,756</u>	<u>191,756</u>
Total	239,150	225,886
Less accumulated depreciation and amortization	<u>(215,909)</u>	<u>(185,264)</u>
Total	<u>\$ 23,241</u>	<u>\$ 40,622</u>

7. LEASES

ABF has a lease agreement for office space through April 30, 2026, which is included on the statements of financial position as of September 30, 2025 and 2024 as an ROU asset of \$27,157 and \$79,857, respectively, and operating lease liability of \$28,307 and \$82,347, respectively.

The ROU asset and operating lease liability were calculated using ABF's risk-free rate of 3.9%. Rent expense for this lease totaled \$54,777 for both 2025 and 2024. Cash paid for amounts included in the measurement of the operating lease liability totaled \$56,118 and \$54,475 for 2025 and 2024, respectively.

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Maturities of the lease liability for this lease are as follows:

2026	\$ 28,538
Less: present value discount	<u>(231)</u>
Total operating lease liability	<u>\$ 28,307</u>

8. NET ASSETS

Net assets with donor restrictions are available for the following:

	<u>2025</u>	<u>2024</u>
Purpose restricted:		
Post-secondary – student loans and grants	\$ 2,878,219	\$ 2,431,285
Other	32,223	60,000
Restricted in perpetuity	<u>259,068</u>	<u>259,068</u>
Total net assets with donor restrictions	<u>\$ 3,169,510</u>	<u>\$ 2,750,353</u>

Endowment Funds

ABF has five donor-restricted endowment funds, four perpetually restricted and one purpose restricted, and no board-designated endowments. The net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The one endowment fund that is temporary in nature consists of a donation to ABF to create a term endowment for student loans and scholarships. The funds may be used to provide U.S. citizens with loans or scholarships relating to the Christian Science Nurse Training Program or to obtain an undergraduate degree. Only the income from this endowment may be used during the first ten years after the donor's death. Beginning ten years after the donor's death, ABF may invade the principal of such endowment every year by no more than 10% of the fair value as of the beginning of the year. If the balance falls below a certain threshold, the Board of Trustees may terminate the endowment and use the funds for general purposes. Certain pro-rata amounts of ABF's administrative expenses may also be charged against this endowment every year.

Investment proceeds from endowments that are held in perpetuity are used by ABF based on the donor restrictions.

The Board of ABF, on the advice of legal counsel, has interpreted California's enacted version of 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 fund, absent explicit donor stipulations to the contrary.

As a result of this interpretation, ABF classifies (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts donated to the permanent endowment, and (3) additions to the permanent endowment in accordance with donor directions as the portion of donor restricted endowments to be held in perpetuity. The remaining portion of the donor-restricted endowment fund that is not perpetual in nature is temporarily classified as

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net assets with donor restrictions until those amounts are appropriated for expenditure by ABF in a manner consistent with the standard of prudence prescribed by the enacted version of UPMIFA.

Spending Policy

In accordance with the state of California's enacted version of UPMIFA, ABF considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

ABF has a policy of appropriating for distribution each year no more than 7% of its endowment fund's current average fair value of the endowment fund. The current average fair value is calculated using the fair value for the fund at the end of the third quarter of the previous fiscal year. In establishing this policy, ABF considered the factors listed above.

Investment Policy, Strategies, and Objectives

ABF has adopted investment and spending policies for endowment assets that attempt to maximize total return consistent with an acceptable level of risk, and to provide a predictable stream of funding to programs. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce returns in excess of the anticipated endowment spending, while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, ABF relies on the recommendations of its investment managers, supervised by the voting members of the Finance Committee. ABF has a long-term asset allocation strategy of 40% to 80% in global equities, 20% to 40% in global bonds and cash, and 0% to 20% in alternative investments. Assets are broadly diversified to protect against the risk of large losses. Furthermore, as an organization operated for and by Christian Scientists, investment managers are directed to avoid investments in all companies that disclose or are thought to have a significant part of their business (defined as in excess of 20% of total reported revenues), involvement with alcohol, tobacco, gaming or healthcare. Total exposure to these types of investments is limited so that at no time investment in the avoided businesses would ever constitute over 10% of total portfolio assets.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires ABF to retain as a fund of perpetual duration. As of September 30, 2025 and 2024, there were no deficiencies in the endowment funds.

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ABF had the following endowment activities during the years ended September 30, 2025 and 2024:

	<u>Time or purpose restricted</u>	<u>Perpetually restricted</u>
Year ended September 30, 2025:		
Endowment net assets, beginning of year	\$ 2,418,975	\$ 259,068
Investment income	558,449	-
Expenses	<u>(283,250)</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ 2,694,174</u>	<u>\$ 259,068</u>
	<u>Time or purpose restricted</u>	<u>Perpetually restricted</u>
Year ended September 30, 2024:		
Endowment net assets, beginning of year	\$ 2,019,472	\$ 257,068
Investment loss	599,503	-
Contributions	-	2,000
Expenses	<u>(200,000)</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ 2,418,975</u>	<u>\$ 259,068</u>

9. RETIREMENT PLAN

ABF has a 403(b) plan covering substantially all employees. ABF matches employee contributions for employees up to 6% of their annual salary. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. Contributions to the plan were \$47,007 and \$46,504 for the years ended September 30, 2025 and 2024, respectively.

10. ASSET NOT RECORDED

ABF has a 50% deeded interest in all oil, gas and other minerals in 320 acres in Petroleum County, Montana. The deed is not currently being leased, and the fair value, if any, has not been determined, and is therefore not recorded.