BILLY GRAHAM EVANGELISTIC ASSOCIATION AND CONSOLIDATED ORGANIZATIONS

CONSOLIDATED FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2014 with Comparative Totals for the Year Ended December 31, 2013

And Report of Independent Auditor

Cherry Bekaert LLP
CPAs & Advisors

BILLY GRAHAM EVANGELISTIC ASSOCIATION
AND CONSOLIDATED ORGANIZATIONS

Mission Statement

The Billy Graham Evangelistic Association exists to support and extend the evangelistic calling and ministries of Billy Graham and Franklin Graham by proclaiming the Gospel of the Lord Jesus Christ to all we can by every effective means available to us and by equipping others to do the same.

BILLY GRAHAM
Evangelistic Association

Always Good News.

Billy Graham Evangelistic Association
and Consolidated Organizations

Consolidated Financial Statements
Year Ended December 31, 2014

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Billy Graham Evangelistic Association
Charlotte, North Carolina

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Billy Graham Evangelistic Association and Consolidated Organizations (collectively referred to as the "Association") which comprise the consolidated statement of financial position as of December 31, 2014 and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Billy Graham Evangelistic Association and Consolidated Organizations as of December 31, 2014 and the consolidated changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Association's 2013 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated March 24, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013 is consistent, in all material respects, with the audited statements from which it has been derived.

Cherry Bekaert LLP

Charlotte, North Carolina
March 23, 2015

Billy Graham Evangelistic Association and Consolidated Organizations

Consolidated Statement of Financial Position

December 31, 2014 with Comparative Totals for 2013

	2014	2013
Assets		
Cash and cash equivalents	$ 15,985,861	$ 34,743,865
Accounts receivable, net	1,061,414	1,038,484
Pledges and other contributions receivable, net	3,221,114	466,902
Inventories	863,268	894,694
Prepaid expenses and other current assets	939,923	819,735
	22,071,580	37,963,680
Property and equipment, net of accumulated depreciation	61,745,408	64,470,469
Investments:		
Investments functioning as endowments	175,543,545	160,109,878
Other long-term investments	17,202,196	6,181,200
Deferred giving program	89,728,473	88,667,034
	282,474,214	254,958,112
Beneficial interest in remainder trusts	2,846,312	2,706,851
Other assets	2,213,513	1,915,570
Total assets	$ 371,351,027	$ 362,014,682
Liabilities and net assets		
Liabilities:		
Accounts payable	$ 2,835,423	$ 4,251,423
Accrued expenses	1,774,012	1,800,677
Deferred revenue	1,258,181	963,405
Deferred giving program	70,123,723	70,470,916
Total liabilities	75,991,339	77,486,421
Net assets:		
Unrestricted:		
Designated by governing board	161,567,998	148,181,291
Represented by property and equipment	61,745,408	64,470,469
General	40,396,437	42,477,210
Total unrestricted net assets	263,709,843	255,128,970
Temporarily restricted	19,726,090	18,228,327
Permanently restricted	11,923,755	11,170,964
Total net assets	295,359,688	284,528,261
Total liabilities and net assets	$ 371,351,027	$ 362,014,682

The accompanying notes to the consolidated financial statements are an integral part of this statement.

Billy Graham Evangelistic Association and Consolidated Organizations

Consolidated Statement of Activities
For the Year Ended December 31, 2014 with Summarized Total for 2013

	2014				
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**	2013 Total
Operating activities					
Support and revenue:					
Contributions	$ 73,761,790	$ 18,547,837	$ 704,876	**$ 93,014,503**	$ 88,523,106
Billy Graham Training Center	6,576,790	-	-	**6,576,790**	6,035,262
Decision magazine and other evangelistic materials	1,514,690	-	-	**1,514,690**	1,486,451
Other income	8,931,151	-	-	**8,931,151**	7,618,414
Net assets released from restrictions	16,901,352	(16,897,337)	(4,015)	-	-
Total support and revenue	107,685,773	1,650,500	700,861	**110,037,134**	103,663,233
Operating Expenses:					
Ministry expenses:					
Evangelistic crusades	21,478,526	-	-	**21,478,526**	16,168,081
My Hope	10,158,854	-	-	**10,158,854**	17,705,430
Radio, television, and film	11,757,731	-	-	**11,757,731**	10,997,277
Print and Internet	7,268,705	-	-	**7,268,705**	7,788,296
Billy Graham Library	7,346,416	-	-	**7,346,416**	6,769,101
Billy Graham Training Center	10,747,101	-	-	**10,747,101**	13,541,779
Evangelism training	348,042	-	-	**348,042**	512,517
Children's and Youth Evangelism	709,805	-	-	**709,805**	887,907
Rapid Response Team and World Emergency Fund	1,901,578	-	-	**1,901,578**	1,347,554
Decision Magazine	4,060,213	-	-	**4,060,213**	3,375,431
SearchforJesus.net	4,261,092	-	-	**4,261,092**	3,866,732
Other evangelistic ministry	5,045,373	-	-	**5,045,373**	4,085,912
Total ministry expenses	85,083,436	-	-	**85,083,436**	87,046,017
Support activities:					
Fund-raising	6,448,076	-	-	**6,448,076**	5,703,622
General and administrative	10,530,849	-	-	**10,530,849**	9,914,179
Total operating expenses	102,062,361	-	-	**102,062,361**	102,663,818
Change in net assets from operations	5,623,412	1,650,500	700,861	**7,974,773**	999,415
Nonoperating activities					
Investment income	1,451,478	141,166	-	**1,592,644**	1,448,326
Other non-operating income (loss)	(344,800)	70,480	34,268	**(240,052)**	(78,261)
Realized gains on investments	5,096,989	451,357	-	**5,548,346**	6,571,850
Unrealized gains and (losses) on investments	(4,389,295)	(670,355)	-	**(5,059,650)**	5,450,057
Change in value of annuities and trusts	1,143,089	(145,385)	17,662	**1,015,366**	(656,606)
Total nonoperating activities	2,957,461	(152,737)	51,930	**2,856,654**	12,735,366
Change in net assets	8,580,873	1,497,763	752,791	**10,831,427**	13,734,781
Net assets at beginning of year	255,128,970	18,228,327	11,170,964	**284,528,261**	270,793,480
Net assets at end of year	$ 263,709,843	$ 19,726,090	$ 11,923,755	**$ 295,359,688**	$ 284,528,261

The accompanying notes to the consolidated financial statements are an integral part of this statement.

Billy Graham Evangelistic Association and Consolidated Organizations

Consolidated Statement of Cash Flows
For the Year Ended December 31, 2014 with Summarized Total for 2013

	2014	2013
Operating activities		
Change in net assets	$ 10,831,427	$ 13,734,781
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization expense	5,994,819	9,589,496
Realized gains on sale of investments	(5,548,346)	(6,571,850)
Unrealized (gains) losses on investments	5,059,650	(5,450,057)
Change in value of split interest agreements	(1,015,366)	656,604
Contributions of split interest agreements	(1,025,219)	(2,004,586)
Contributions of real estate and mortgage deeds receivable	(11,823,191)	(1,210,572)
Contributions restricted for endowment	(704,876)	(582,833)
Net gains on sale of fixed assets and donated real estate	348,070	270,307
Changes in operating assets and liabilities:		
(Increase) decrease in receivables, net of allowances	(2,861,364)	1,729,175
(Increase) decrease in inventories, prepaid expenses and other current assets	(91,075)	529,398
(Decrease) increase in accounts payable, accrued expenses and deferred revenue	(1,051,856)	1,468,076
Net cash provided by (used in) operating activities	(1,887,327)	12,157,939
Investing activities		
Purchases of investments	(111,342,154)	(143,074,390)
Proceeds from sales of investments	96,765,084	143,817,378
Purchases of fixed assets	(3,248,691)	(3,622,253)
Additions to other assets	(501,042)	(740,552)
Proceeds from the sale of fixed assets and donated real estate	191,367	1,661,184
Net cash used in investing activities	(18,135,436)	(1,958,633)
Financing activities		
Contributions restricted for endowment	704,876	582,833
Investment income	1,972,497	1,551,528
Proceeds from deferred giving program contracts	2,677,457	5,007,839
Payments of deferred giving program contracts	(4,090,071)	(5,046,414)
Net cash provided by financing activities	1,264,759	2,095,786
(Decrease) increase in cash and cash equivalents	(18,758,004)	12,295,092
Cash and cash equivalents at beginning of year	34,743,865	22,448,773
Cash and cash equivalents at end of year	$ 15,985,861	$ 34,743,865

The accompanying notes to the consolidated financial statements are an integral part of this statement.

1. Significant Accounting Policies

Description of Ministry

The Billy Graham Evangelistic Association exists to support and extend the evangelistic calling and ministries of Billy Graham and Franklin Graham by proclaiming the Gospel of the Lord Jesus Christ to all we can by every effective means available to us and by equipping others to do the same.

Support is received primarily through contributions and deferred giving programs.

Principles of Consolidation

The consolidated financial statements include the Billy Graham Evangelistic Association (a North Carolina Corporation) and the following other consolidated organizations (collectively referred to herein as “the Association”): BGEA, MN; Blue Ridge Broadcasting Corporation; Cove Charitable Trust Fund; Billy Graham Library Endowment Trust Fund; Graham Fund for Evangelism; BGEA Pte. Ltd.; Organizacao R.E.B.G. Brasil; and Illusion Properties, S. A. In accordance with United States generally accepted accounting principles pertaining to consolidation, management annually evaluates which entities should be consolidated for financial statement presentation purposes.

The consolidated organizations strengthen the ministries of the Association and share the same goals and purposes. All significant intercompany accounts and transactions have been eliminated.

The financial statements include certain summarized prior year comparative information in total but not by net asset classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the Association’s financial statements for the year ended December 31, 2013, from which the summarized information was derived.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with a maturity of three months or less. For the purposes of the statement of cash flows, cash and cash equivalents included in investments functioning as endowment and investments in the deferred giving program are not considered cash and cash equivalents.

1. Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable are stated at cost less an allowance for doubtful accounts, if necessary. Management's determination of the allowance for doubtful accounts is based on an evaluation of the receivable, past experience and current economic conditions. It is the Association's policy to charge off uncollectible accounts receivable when management determines that receivable will not be collected. The allowance for doubtful accounts was $10,334 and $144,567 at December 31, 2014 and 2013, respectively.

Inventories

Inventories are products for sale stated at average cost.

Property and Equipment

Land is stated at cost. Buildings, improvements, and equipment are stated at cost, when purchased, and at estimated fair value when donated, less accumulated depreciation. Monthly depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally twenty to thirty years for building and building improvements and three to eight years for vehicles, furniture and equipment. Costs of new facilities and improvements are capitalized, while maintenance and repairs are charged to expense in the period incurred.

Equipment, furniture and fixtures include an asset held under a three year capital lease that was entered into in 2013. The cost of the asset was $442,062 and the accumulated depreciation was $210,446 as of December 31, 2014. The remaining capital lease obligation is $147,004 at December 31, 2014 and is included in accounts payable on the statement of financial position.

Collections

The Association's collections are made up of artifacts of historical significance to the ministry. The collections were gifted, donated, or on loan and are not recognized as assets on the statement of financial position or as contributions on the statement of activities.

Investments

Investments in equity securities with readily determinable fair values and all debt securities are recorded at fair value. Fair value is determined by reference to exchange or dealer-quoted market prices. If a quoted market price is not available, fair value is estimated using quoted market prices for similar investments. Alternative investments are carried at fair value based upon the net asset value or its equivalent. Real estate, mineral interests and other investments are reported at fair value measured on a non-recurring basis based upon market appraisals at the time of the gift. Investment income or loss and realized and unrealized gains and losses on investments are included in the change in unrestricted net assets unless the income or loss is restricted by the donor.

1. Significant Accounting Policies (continued)

Investment income is recorded net of investment expenses. For the years ended December 31, 2014 and 2013, investment expenses were $695,382 and $714,161, respectively.

Realized gains or losses on investments are determined by comparison of specific cost of acquisition to proceeds at the time of disposal. Unrealized gains or losses are calculated by comparing cost to fair values at the statement of financial position date.

Beneficial Interests in Remainder Trusts

Beneficial interests in remainder trusts are carried at their estimated fair value. Fair value is estimated based upon underlying assets which approximate the discounted value of the anticipated cash flows or based upon their estimated fair value of the assets contributed to the trust less estimated costs expected.

Deferred Giving Program

The Association has a fully-funded program whereby deferred gifts can be made through gift annuity and trust participation.

All gift annuity fund assets are held in trust by a bank and managed by investment management companies. Various state laws require that the Association maintain segregated accounts with assets equal in amount to the actuarial reserve necessary to pay the annuities plus an additional reserve. Some state laws also establish specific investment regulations related to the manner in which the assets are invested. Trust assets are held and managed by the Association.

The Association records assets received in the deferred giving program at their fair value. Liabilities are recorded at the present value of payments to be made under annuity and irrevocable trust agreements over the term of the agreements, usually the beneficiaries' life expectancy. For annuities, the present value calculation used a 2.25% discount rate in 2014 and 2013. For trusts, the present value calculation used a discount rate of 1.8% in 2014 and 2.4% in 2013. Revaluations of expected future payments to beneficiaries based on changes in life expectancy are calculated using the Annuity 2000 mortality table for annuities and the 2000CM mortality table for trusts as well as other actuarial assumptions and are recorded as a change in value of annuities and trusts in the statement of activities. The contribution portion is recognized as income at the time the agreement is executed. Revocable trust agreements are recorded as a liability until the agreement becomes irrevocable or the assets are distributed, at which time the contribution revenue is recognized.

The Association is also named as a beneficiary in revocable trusts and wills that are not managed by the Association. These assets are not included in the statement of financial position, as the Association's share of these assets cannot be determined.

1. Significant Accounting Policies (continued)

Deferred Revenue

The subscription price of *Decision* magazine is charged to unearned subscriptions when received and is amortized to income over an 11-month period.

Advertising Costs

The Association expenses advertising costs as incurred. For the years ending December 31, 2014 and 2013, advertising costs totaling approximately $4,837,000 and $7,454,000, respectively, related primarily to television airtime to promote airing of evangelistic telecasts, evangelistic crusades, and literature and materials.

Allocation of Joint Costs

Certain expenditures of the Association (including radio and television, direct mail, and postage) relate to both ministry and fund-raising. The allocation of these joint costs is based on estimates of the content, audience, and purpose of these expenditures. Total joint costs and respective allocations are as follows:

	2014	2013
Ministry	**$ 29,179,543**	$ 30,715,238
Fund-raising	**3,585,510**	3,254,075
General and administrative	**5,266,539**	4,964,027
	$ 38,031,592	$ 38,933,340

Income Taxes

The Association, excluding foreign consolidated organizations, is exempt from federal income taxes, and contributions to it are deductible as charitable contributions under Internal Revenue Code Section 170. The Internal Revenue Service has issued determination letters to the Association stating that it qualifies for tax-exempt status under Internal Revenue Code Section 501(c)(3). The Internal Revenue Service has also issued rulings stating that it will not be treated as a private foundation within the meaning of Internal Revenue Code Sections 509(a)(1), 509(a)(2), and 509(a)(3).

1. Significant Accounting Policies (continued)

As required by U.S. generally accepted accounting principles pertaining to uncertain tax positions, the Association records a liability for any tax position taken that is beneficial to the Association, including any related interest and penalties, when it is more likely than not the position taken by management will be overturned by a taxing authority upon examination. Management believes there are no such positions as of December 31, 2014 and 2013, and accordingly, no liability has been accrued. The Association is generally no longer subject to examination by taxing authorities for years before 2011.

Net Asset Classifications

The Association interprets the Uniform Prudent Management of Institutional Funds Act underlying net asset classification of donor restricted assets as follows:

Permanently restricted net assets include contributions that donors have specified must be maintained in perpetuity, and, if directed, a portion of investment returns based on instructions in the gift instrument.

Temporarily restricted net assets are comprised of funds that are restricted by donors for specific purposes or time periods. Temporarily restricted net assets also include investment returns from permanently restricted assets until those amounts are appropriated for spending in accordance with donor restrictions.

Unrestricted net assets represent funds that are fully available, at the discretion of management and the Board of Directors, for the Association to utilize in any of its programs or supporting services.

Temporarily Restricted Contributions

The Association records contributions as temporarily restricted if they are received with donor stipulations that limit their use either through purpose or time restrictions. When donor restrictions expire, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Board of Directors has established a policy that up to 10 percent of all donor-restricted contributions for a specific project may be used for administering the gift, if needed.

Accounting for Long-Lived Assets

The Association records losses on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. Intangible assets with indefinite useful lives are not subject to amortization and are tested annually for impairment. The Association did not record impairment for 2014 or 2013.

1. Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.

2. Pledges and Contributions Receivable

The Association received pledges to support the construction of the Billy Graham Library. The Association has also received unrestricted contribution commitments that are recorded as receivables. Unconditional pledges and other contributions receivable expected to be received within one year are reported at net realizable value. Those expected to be collected in more than one year are reported at the net present value of their estimated future cash flows. The discount on these amounts is computed using a credit risk-adjusted interest rate at the date of the pledge or contribution notification. Amortization of the discount is included in contribution revenue. Net receivable pledges for construction of the library is $92,812 and $152,172 at December 31, 2014 and 2013, respectively. Other contributions receivable is $3,128,302 and $314,730 at December 31, 2014 and 2013, respectively.

Pledges and contributions receivable consists of the following:

	2014	2013
Unconditional promises to give	**$ 3,228,302**	$ 524,853
Less unamortized discount	**5,294**	5,294
	3,223,008	519,559
Less allowance for uncollectible pledges	**1,894**	52,657
Net pledges and other contributions receivable	**$ 3,221,114**	$ 466,902
Amounts due in:		
Less than one year	**$ 3,135,302**	$ 424,853
One to five years	**38,000**	100,000
Over five years	**55,000**	-
	$ 3,228,302	$ 524,853

3. Property and Equipment

A summary of property and equipment and related accumulated depreciation at December 31, 2014 and 2013 is as follows:

	2014	2013
Land and improvements	**$ 16,880,305**	$ 16,880,305
Buildings and improvements:		
Billy Graham Training Center	**32,893,336**	32,332,300
Billy Graham Library	**17,900,630**	17,896,330
Headquarters and other	**37,343,824**	37,333,534
Equipment, furniture, and fixtures	**46,064,114**	43,649,476
Total	**151,082,209**	148,091,945
Less accumulated depreciation	**89,565,878**	84,199,236
	61,516,331	63,892,709
Construction in progress	**229,077**	577,760
Net property and equipment	**$ 61,745,408**	$ 64,470,469

Depreciation expense for the years ended December 31, 2014 and 2013 was approximately $5,931,000 and $9,462,000, respectively.

4. Investments

Investments are composed of the following:

	2014	2013
Equities	**$ 72,395,464**	$ 69,210,450
Fixed income and credit	**83,869,550**	87,742,513
Alternative	**85,550,334**	70,633,137
Other	**40,658,866**	27,372,012
Total investments	**$ 282,474,214**	$ 254,958,112

5. Deferred Giving Program

The assets and liabilities in the deferred giving program are as follows:

	2014		2013	
	Assets	**Liability**	Assets	Liability
Gift annuity fund	**$ 55,359,817**	**$ 42,299,508**	$ 55,373,423	$ 43,766,283
Irrevocable trusts	**15,143,596**	**10,735,185**	14,990,492	10,736,803
Life estates	**2,519,517**	**383,487**	2,820,950	485,661
	73,022,930	**53,418,180**	73,184,865	54,988,747
Revocable trusts	**16,705,543**	**16,705,543**	15,482,169	15,482,169
Total	**$ 89,728,473**	**$ 70,123,723**	$ 88,667,034	$ 70,470,916

The change in value of annuities and trusts is comprised of the following activity:

	2014	2013
Dividend income	**$ 357,084**	$ 226,113
Interest income	**1,737,444**	1,450,016
Change in accrued interest	**(68,477)**	(12,926)
Realized gains (losses)	**1,148,852**	1,808,500
Unrealized (losses)	**(795,447)**	(1,237,202)
Other income (expenses)	**(198,415)**	(111,680)
Change in liability	**(520,357)**	(1,416,597)
Trust payments to beneficiaries and fees	**(715,415)**	(1,362,830)
Rental income	**70,097**	-
	$ 1,015,366	$ (656,606)

6. Fair Value Measurements of Assets and Liabilities

The Association follows the provisions of generally accepted accounting principles for financial assets and liabilities measured at fair value. This statement requires fair value measurements be classified and disclosed in one of the following three categories ("Fair Value Hierarchy"):

Level 1: Financial instruments with unadjusted, quoted prices listed on active market exchanges. Level 1 investments include actively traded equities and mutual funds, certain U.S. government obligations and certain money market securities. Also included in Level 1 are a portion of deferred giving liabilities that are revocable and therefore fully support the related Level 1 assets.

6. Fair Value Measurements of Assets and Liabilities (continued)

Level 2: Financial instruments valued using inputs that include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Level 2 investments include certain U.S. government obligations, most government agency securities, investment grade corporate bonds, certain mortgage products, state, municipal and provincial obligation and most physical commodities. Included in Level 2 are investments measured using a net asset value ("NAV") per share, or its equivalent, that may be redeemed at that NAV as the date of the statement of financial position or in the near term, which is generally considered to be within 90 days. Also included in Level 2 are a portion of deferred giving liabilities that are measured using the income approach by calculating the present value using interest rates and life expectancy tables and are specifically supported by Level 1 or 2 investments.

Level 3: Financial instruments that are not actively traded on a market exchange and require using significant unobservable inputs in determining fair value. Included in Level 3 are investments measured using NAV that cannot be redeemed at that NAV in the near term, or within 90 days of the date of the statement of financial position.

The following tables summarize the valuation of the Association's financial assets and liabilities measured at fair value as of December 31, 2014, based on the level of input utilized to measure fair value:

Measurement at fair value on a recurring basis:

	Fair Value Measurement at 12/31/14 Using:		
Description	**Level 1**	**Level 2**	**Level 3**
Equities:			
Developed international equity	$ 43,899,536	$ -	$ -
Mutual funds	14,739,828	-	-
Common and foreign stock	13,756,100	-	-
Fixed income and credit:			
U.S. Government	24,146,393	7,216,900	-
Corporate	-	23,985,819	-
Govt. mortgage backed securities	-	14,661,005	-
Bond funds	13,859,433	-	-
Alternative investments	-	72,763,453	12,786,881
Other:			
Cash & cash equivalents	12,514,286	531,508	-
Allocation funds	6,646,111	-	-
Total investments - recurring basis	$ 129,561,687	$ 119,158,685	$ 12,786,881
Deferred giving liabilities	$ 5,160,986	$ 60,800,614	$ -

6. Fair Value Measurements of Assets and Liabilities (continued)

There are three alternative investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the period with a beginning balance of $11,953,193 as of January 1, 2014, contributions of $3,500,000, net investment income of $38,947 and distributions of $2,705,259 for the year ended December 31, 2014 and an ending balance of $12,786,881.

Measurement at fair value on a non-recurring basis:

	Fair Value Measurement at 12/31/14 Using:		
Description	**Level 1**	**Level 2**	**Level 3**
Other:			
Real Estate	$ -	$ 20,138,303	$ -
Other	-	-	828,658
Total Investments- non recurring basis	$ -	$ 20,138,303	$ 828,658
Deferred giving liabilities	$ -	$ 4,162,123	$ -

Other investments valued utilizing Level 3 inputs on a non-recurring basis include interest in a family partnership, mineral interests, and a note receivable. These investments are categorized as Level 3 because of limited or no observable market data. These investments were initially recorded at fair value based on market appraisals at the time of gift. The Association has not observed any evidence of impairment.

For investments in entities that calculate net asset value or its equivalent whose fair value is not readily determinable, the following table provides information about the relative liquidity of these investments. The fair values of these investments have been estimated using net asset value per share of the investments, unless noted. Management is not aware of any factors that would impact net asset value as of December 31, 2014.

	Fair Value	Input Level	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private Investment Fund (a)	$ 2,656,233	3	None	None	None
Private Investment Fund (b)	$13,458,864	2	None	Monthly	30 days
Emerging Market Fund (c)	$ 8,137,155	2	None	Monthly	10 days
Emerging Market Fund (d)	$ 7,604,106	3	None	Semi-Annually	60 days
Diversified Fund (e)	$19,070,462	2	None	Monthly	7 days
Real Asset Fund (f)	$16,169,893	2	None	Monthly	14 days
Real Asset Fund (g)	$ 9,261,776	2	None	Monthly	30 days
Real Asset Fund (h)	$ 6,665,303	2	None	Monthly	5 days
Real Asset Fund (i)	$ 2,526,542	3	None	Annually	60 days
Real Asset Fund (j)	$ -	3	$ 3,300,000	None	None

6. Fair Value Measurements of Assets and Liabilities (continued)

(a) The strategy for this class provides for investments in late stage bankruptcy-related opportunities, including liquidation claims, litigation claims and similar opportunities with a clearly defined assets value, recovery mix and timeline for distribution/monetization.

(b) The strategy for this class provides for investments in dividend paying common stock.

(c) The strategy for this class is to achieve long-term capital growth in large and mid-capitalization equities emerging economies, including those companies listed on developed market exchanges whose activities predominately take place in emerging market economies.

(d) The strategy for this class is to seek high risk-adjusted total returns by making directional and relative value investments, long and short, primarily through investment positions in equity, debt (primarily sovereign debt), local interest rates, currencies and commodities across emerging and developed markets.

(e) The strategy for this class is to deliver a positive absolute return in the form of capital growth over the medium to long term in all market conditions. It seeks to maintain a diversified portfolio consisting primarily of listed equity, equity-related and debt securities, including exchange traded funds, other securities and other pooled investment vehicles whose managers may be affiliated with the investment advisor.

(f) The strategy for this class consists of two underlying funds. The first fund, representing up to 80% of the class, seeks to provide a positive total return. The second fund, representing 20% of the class, seeks capital appreciation.

(g) The strategy for this class is to generate positive, consistent, and stable risk-adjusted returns by exploiting market inefficiencies and the fundamental mispricing of master limited partnerships and energy infrastructure assets.

(h) The strategy for this class is achieve growth of capital through investment in a professionally managed portfolio of global securities.

(i) The strategy for this class is to achieve superior risk adjusted returns over time primarily through investment opportunitites that are generated by the various phases of the credit cycles.

(j) The strategy for this class is to generate long-life production and cash flow via a diverse portfolio of royalty interests across many of the most significant natural gas and wind energy plants in the continental U.S.

7. Endowment Funds

<u>Board Designated Endowments</u>
The Association's Board of Directors has designated a portion of unrestricted net assets as funds functioning as endowments. Separate funds have been established for the Billy Graham Library Endowment Trust Fund, The Cove Charitable Trust Fund, the future ministries fund, and the Graham Fund for Evangelism.

7. Endowment Funds (continued)

The purpose of the Billy Graham Library Endowment Trust Fund is to provide an ongoing and perpetual source of funding for the operations, maintenance and long-term improvements of the Library located in Charlotte, North Carolina. The Billy Graham Library is an ongoing evangelistic Crusade. In 2014, over 144,300 visited the Billy Graham Library having the opportunity to hear the Gospel message with more than 1,700 people making various commitments to Jesus Christ. It is the desire of the Board of Directors that there should never be an admission fee to the Library so that all can hear or experience the Gospel of Jesus Christ. This primary objective, as well as the investment objective of preserving and protecting the fund's assets, will be accomplished by focusing on the conservation of principal and long-term growth of capital and income. This is generally achieved by investing in a diversified portfolio of high quality securities. Expenditures from the fund have been based upon a spending plan using a three year rolling average of fund assets. Funds were transferred to support the Library in the amount of $52,440 and $1,807,371 for 2014 and 2013, respectively.

The purpose of The Cove Charitable Trust Fund is to provide an ongoing source of funding for supporting, maintaining, and improving the facilities and ministry at the Billy Graham Training Center at The Cove. The primary investment objective of this fund is to preserve and protect assets by focusing on conservation of principal and long-term growth of capital and income. This objective is generally attained by investing in a diversified portfolio of high quality securities. Expenditures from the fund have been based upon a spending plan using a three-year rolling average of fund assets. Funds were transferred to support the ministry of The Cove in the amount of $1,850,393 and $1,763,237 for 2014 and 2013, respectively.

The purpose of the future ministries fund is to provide a source of funding for continuing and growing ministry activities through special evangelistic projects and to provide for operating cash flow needs of the Association. The primary investment objective of the future ministries fund is to preserve and protect the assets by focusing on conservation of principal and adequate liquidity to meet ministry needs. This objective is generally attained by investing in a portfolio of high quality securities. Expenditures from the future ministries fund are determined by the Board in order to meet ministry needs and projects. Funds were not withdrawn in 2014 or 2013 in order to preserve principal.

The purpose of the Graham Fund for Evangelism has been to provide an ongoing source of funding for supporting, maintaining, and improving the facilities and ministry at the Graham Center at Wheaton College. In 2014 and 2013, the support for the Graham Center at Wheaton College was provided from BGEA's general fund. The Graham Fund for Evangelism is being maintained with a minimal balance for potential future evangelistic purposes. The primary investment objective of the fund is to preserve and protect its assets by focusing on conservation of principal. This objective is generally attained by investing in a portfolio of high quality securities.

7. Endowment Funds (continued)

Donor Restricted Endowments
At December 31, 2014, the Association's donor-restricted endowment funds consist of 28 individual funds established for a variety of purposes. In addition, the Association has established a Library endowment fund to receive permanently restricted donor gifts to support the ongoing operations of the Billy Graham Library and a Cove endowment fund to support the ongoing operations of The Cove. The Association has also received permanently restricted donor gifts as part of irrevocable trust and annuity gifts. The investment policy for donor-restricted endowment funds that limit distributions to net income has a primary objective to produce current income. This objective is currently achieved by primarily investing conservatively in fixed income securities and cash and short-term investments. The investment policy for funds with a spending rule has a primary objective to produce total return to at least equal the amount of the stated distribution. This objective is currently attained by investing in a diversified portfolio of high quality securities.

Endowment net asset composition by type of fund as of December 31, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-designated endowment funds	$ 161,567,998	$ -	$ -	$ 161,567,998
Donor-restricted endowment funds	-	2,310,549	11,449,727	13,760,276
Total funds	$ 161,567,998	$ 2,310,549	$ 11,449,727	$ 175,328,274

Endowment Totals as follows:

	2014	2013
Billy Graham Library Endowment Trust Fund	**$ 94,029,059**	$ 79,045,737
Cove Charitable Trust Fund	**67,098,670**	67,942,615
Future ministries fund	**8,227,821**	8,209,697
Graham Fund for Evangelism	**31,191**	31,503
Other endowment funds	**4,702,149**	4,702,296
Blue Ridge Broadcasting	**1,239,384**	1,183,541
	$ 175,328,274	$ 161,115,389

7. Endowment Funds (continued)

Changes in endowment net assets for the fiscal year ended December 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$148,181,291	$ 2,240,997	$ 10,693,101	$161,115,389
Investment return:				
Investment income	1,246,193	139,718	-	1,385,911
Realized and unrealized gains	1,079,649	82,339	-	1,161,988
Total investment return	2,325,842	222,057	-	2,547,899
Contributions	-	-	704,876	704,876
Other non-operating	(44,366)	-	-	(44,366)
Other income	12,894	-	-	12,894
Satisfaction of purpose	149,558	(149,558)	-	-
Amounts appropriated for Expenditure	(171,556)	(2,947)	-	(174,503)
Other changes:				
Transfers to	13,017,168	-	51,750	13,068,918
Transfers from	(1,902,833)	-	-	(1,902,833)
Endowment net assets, end of year	$161,567,998	$ 2,310,549	$ 11,449,727	$175,328,274

8. Composition of Board Designated and Restricted Net Assets

Unrestricted Net Assets Designated by Governing Board

Unrestricted net assets designated by the Board were as follows:

	2014	2013
Billy Graham Library Endowment Trust Fund	**$ 85,202,683**	$ 71,043,949
Cove Charitable Trust Fund	**66,866,918**	67,712,604
Future ministries fund	**8,227,821**	8,209,695
Graham Fund for Evangelism	**31,192**	31,502
Blue Ridge Broadcasting	**1,239,384**	1,183,541
	$ 161,567,998	$ 148,181,291

Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	2014	2013
Donor-restricted contributions	**$ 8,456,904**	$ 7,083,918
Beneficial interest in remainder trusts	**2,846,312**	2,706,851
Irrevocable trusts	**4,248,427**	4,099,140
Life estates	**1,863,898**	2,097,421
Term endowment fund	**558,951**	573,782
Portion of perpetual endowment funds subject to a time restriction under UPMIFA		
Without purpose restriction	**795,171**	749,597
With purpose restriction	**956,427**	917,618
	$ 19,726,090	$ 18,228,327

The donor-restricted contributions represent funds restricted for ongoing ministry projects.

Permanently Restricted Net Assets

Permanently restricted net assets are held as follows:

	2014	2013
Billy Graham Library Endowment Trust Fund	**$ 7,445,845**	$ 6,689,219
Endowment fund	**3,812,933**	3,812,933
Life estates	**272,134**	237,868
Irrevocable trusts	**159,985**	154,548
Gift annuity	**41,910**	85,448
Cove Charitable Trust Fund	**190,948**	190,948
	$ 11,923,755	$ 11,170,964

9. Other Assets

During 2009, the Association contracted with a captive insurance company to obtain coverage for workers' compensation, general liability, property, and automobile liability insurance. The Association owns a non-controlling share of the common stock of the captive insurance company and is accounting for this asset under the cost method of investment accounting. The cost of this asset was $296,800 and is included in other assets.

During 2009, the Association received an interest in a licensing agreement. The intangible asset was valued at $636,402 and accumulated depreciation was $636,402 and $572,760 as of December 31, 2014 and 2013, respectively.

During 2012, Blue Ridge Broadcasting obtained a Federal Communications Commission ("FCC") broadcast license in 2012 valued at $1,425,000. The intangible asset is valued at $1,425,000 as of December 31, 2014 and 2013.

During 2014, the Association entered into a purchase agreement with Dr. Graham to explicitly assign certain intellectual property rights to the Association. This intangible asset is recorded at $472,619 as of December 31, 2014 based upon the present value of estimated future cash payments in accordance with United States generally accepted accounting principles.

10. Retirement Plans

The Association has a 401(k) retirement plan. Employer contributions are 3% of each participant's eligible salary plus a matching provision whereby the employer may match the employee's contributions up to an additional 3% of the participant's salary. The plan includes a provision whereby the Board of Directors can approve additional contributions of up to 2%. The additional 2% discretionary contribution was not approved for 2014 or 2013. The Association recorded expense of $1,721,068 and $1,569,147 for the years ended December 31, 2014 and 2013, respectively.

In addition, the Association has deferred compensation plans. Deferred compensation expense of $44,869 and $24,829 was incurred in 2014 and 2013, respectively. Deferred compensation liabilities of $174,346 and $129,477 existed at December 31, 2014, and 2013, respectively, and are included in accrued expenses.

11. Self-Insurance Program

The Association maintains a self-insurance program for hospitalization, medical, and dental coverage for its employees. The Association limits its losses through the use of stop loss policies from a re-insurer. Specific individual losses for claims were limited to $130,000 for 2014 and 2013. At December 31, 2014 and 2013, the estimated liability for these claims approximated $636,000 and $497,000, respectively, and is included in accrued expenses.

12. Concentration of Credit Risk

Financial instruments that potentially expose the Association to concentrations of credit risk consist primarily of cash and cash equivalents. The Association places its cash and cash equivalents on deposit with North Carolina financial institutions. The Federal Deposit Insurance Corporation (FDIC) covers $250,000 for substantially all depository accounts. From time to time, the Association may have amounts in excess of the FDIC limit.

13. Related-Party Transactions

The Association has entered into Master License Agreements with the following unconsolidated organizations: Billy Graham Evangelistic Association of Australia, Billy Graham Evangelistic Association of Canada, Billy Graham Evangelistic Association – India Trust, Billy Graham Evangelistic Association, Ltd., and Vozrozhdeniye (the International Affiliates) to further the global ministry of the Billy Graham Evangelistic Association. The Association does not control the independent board of directors of these organizations. For the years ending December 31, 2014 and 2013, the International Affiliates reimbursed the Association $182,811 and $179,308, respectively, for various ministry projects. A grant of $10,000 was given to BGEA of Australia for Rapid Response Team training in 2013. As of December 31, 2014 and 2013, the Association had accounts receivable totaling $46,774 and $11,570, respectively, from the International Affiliates.

The Chief Executive Officer, President, and Chairman of the Association is the Chief Executive Officer, President and Chairman of Samaritan’s Purse. Samaritan’s Purse is controlled by an independent board of directors though the two ministries share certain board members. To gain efficiencies over administrative services supporting their individual ministries, the Association and Samaritan’s Purse entered into a shared services agreement to provide a meaningful structure for regulating and overseeing the shared services and expenses. In accordance with the provisions of the agreements, the Association reimbursed Samaritan’s Purse $1,636,711 in 2014 and $1,575,654 in 2013 and Samaritan’s Purse reimbursed the Association $962,345 in 2014 and $681,526 in 2013. Accounts receivable and accounts payable from Samaritan’s Purse are $123,297 and $61,714 respectively as of December 31, 2014 and $154,182 and $193,385 respectively, as of December 31, 2013.

13. Related Party Transactions (continued)

The Association received and forwarded contributions totaling $361,422 in 2014 and $399,026 in 2013 to Samaritan's Purse designated for support of their ministry activities. Samaritan's Purse received and forwarded contributions totaling $54,226 in 2014 and $98,760 in 2013 to the Association designated for support of the Association's ministry activities.

The Association received from Samaritan's Purse cash grants totaling $750,000 in 2014 and $1,000,000 in 2013 and in-kind contributions valued at $574,469 in 2014 and $607,953 in 2013 for various ministry projects. The Association made cash grants to Samaritan's Purse of $3,754 in 2013 and in-kind contributions valued at $952 in 2014 and $54,063 in 2013. Samaritan's Purse served as the Associations' international partner for the 2013 La Paz Bolivia Festival in order to meet the obligations and laws of the country. As such, Samaritan's Purse was reimbursed $43,235 in 2013.

Following is unaudited summary financial information as of December 31, 2014, for Samaritan's Purse, which is controlled by an independent board of directors: total assets, $346,712,522; total liabilities, $42,148,965; total net assets, $304,563,557; total revenues, $520,416,152; and total expenses, $489,325,258.

Other evangelistic ministry includes contributions given to like ministries approved by the Board of Directors annually. Contributions of $200,000 in 2014 and $300,000 in 2013 were given to Wheaton College and $50,000 was given in 2014 and 2013 to Gordon-Conwell Theological Seminary. The Association shares several common board members with these institutions but does not control the board of directors of either organization. Contributions of $25,000 in 2014 and 2013 were given to East Gates International for ministry in Asia. The president of East Gates International is the brother of the Chief Executive Officer. Contributions of $25,000 were given in 2014 and 2013 to Ruth Graham and Friends. The founder and Chairman of Ruth Graham and Friends is the sister of the Chief Executive Officer.

The Association entered into a purchase agreement with Dr. Graham, Board Chairman Emeritus, to explicitly assign certain intellectual property rights to the Association. The transaction was reviewed in accordance with the Associations' Conflict of Interest policy, with Board approval of the purchase agreement supported by the opinion of an intellectual property valuation expert. Under the terms of this agreement, annual payments to Dr. Graham of $120,000 will commence in 2015 and continue for the duration of his life.

14. Subsequent Events

The Association has evaluated subsequent events through March 23, 2015, in connection with the preparation of these financial statements which is the date the financial statements were available to be issued.

15. Schedule of Functional Expenses

	For the year ended December 31, 2014			
	Ministry Expenses	Fund-Raising	General and Administrative	Total
Grants and scholarships	$ 968,873	$ -	$ -	$ 968,873
Salaries and wages	25,887,503	2,825,359	5,193,938	33,906,800
Employee benefits	7,196,220	801,352	1,696,559	9,694,131
Payroll taxes	1,671,428	185,992	377,545	2,234,965
Legal and professional services	2,980,819	165,903	871,423	4,018,145
Contract labor	4,995,252	63,228	13,601	5,072,081
Supplies	880,488	64,727	180,585	1,125,800
Telecommunications	823,473	66,716	134,319	1,024,508
Postage and mailing	3,977,645	549,147	187,542	4,714,334
Building and equipment	3,904,453	152,226	678,930	4,735,609
Printing	3,077,311	375,205	91,865	3,544,381
Travel	6,122,378	443,402	189,970	6,755,750
Program ministry and events	13,614,742	375,446	113,301	14,103,489
Broadcasting and production	3,055,363	125,030	99,008	3,279,401
Miscellaneous	682,215	56,649	150,411	889,275
Depreciation and amortization	5,245,273	197,694	551,852	5,994,819
Total expenses	$ 85,083,436	$ 6,448,076	$ 10,530,849	$ 102,062,361

	For the year ended December 31, 2013			
	Ministry Expenses	Fund-Raising	General and Administrative	Total
Grants and scholarships	$ 924,823	$ -	$ -	$ 924,823
Salaries and wages	23,350,195	2,553,144	5,003,848	30,907,187
Employee benefits	6,270,273	672,766	1,431,438	8,374,477
Payroll taxes	1,511,713	164,906	343,483	2,020,102
Legal and professional services	2,647,293	99,267	940,763	3,687,323
Contract labor	5,768,825	52,237	41,560	5,862,622
Supplies	832,003	62,947	195,515	1,090,465
Telecommunications	824,501	68,777	157,784	1,051,062
Postage and mailing	4,166,079	554,052	115,753	4,835,884
Building and equipment	3,221,420	138,201	654,779	4,014,400
Printing	3,518,147	338,291	54,602	3,911,040
Travel	5,449,318	408,078	185,451	6,042,847
Program ministry and events	14,679,246	229,897	61,414	14,970,557
Broadcasting and production	4,468,603	113,299	261	4,582,163
Miscellaneous	611,205	60,933	127,232	799,370
Depreciation and amortization	8,802,373	186,827	600,296	9,589,496
Total expenses	$ 87,046,017	$ 5,703,622	$ 9,914,179	$ 102,663,818