

**BILLY GRAHAM EVANGELISTIC ASSOCIATION
AND CONSOLIDATED ORGANIZATIONS**

CONSOLIDATED FINANCIAL STATEMENTS

*As of and for the Year Ended December 31, 2020
with Comparative Totals for the Year Ended December 31, 2019*

And Report of Independent Auditor

**BILLY GRAHAM EVANGELISTIC ASSOCIATION
AND CONSOLIDATED ORGANIZATIONS**

Mission Statement

Continuing the lifelong work of Billy Graham, the Billy Graham Evangelistic Association exists to support and extend the evangelistic calling and ministry of 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 the church and others to do the same.

**BILLY
GRAHAM**
Evangelistic Association

Always Good News.

**BILLY GRAHAM EVANGELISTIC ASSOCIATION
AND CONSOLIDATED ORGANIZATIONS
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Report of Independent Auditor

To the Board of Directors
Billy Graham Evangelistic Association
Charlotte, North Carolina

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, 2020 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 Consolidated 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 consolidated 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 Association’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 Association’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 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, 2020 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 2019 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated March 25, 2020. In our opinion, the summarized comparative information presented herein, as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited statements from which it has been derived.

Cherry Bekaert LLP

Charlotte, North Carolina
March 25, 2021

**BILLY GRAHAM EVANGELISTIC ASSOCIATION
AND CONSOLIDATED ORGANIZATIONS**
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2020 WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalents	\$ 68,679,102	\$ 53,658,531
Accounts receivable, net	8,306,975	4,124,426
Contributions receivable, net	1,510,000	772,341
Inventories	515,513	506,410
Prepaid expenses and other current assets	<u>2,144,777</u>	<u>2,210,545</u>
	<u>81,156,367</u>	<u>61,272,253</u>
Property and equipment, net of accumulated depreciation	<u>62,635,365</u>	<u>54,166,405</u>
Investments:		
Investments functioning as endowments	261,470,936	238,083,080
Other long-term investments	20,533,121	29,679,372
Deferred giving program	<u>102,038,265</u>	<u>97,040,629</u>
	<u>384,042,322</u>	<u>364,803,081</u>
Beneficial interest in remainder trusts	3,386,822	3,234,996
Other assets	<u>2,632,800</u>	<u>2,297,800</u>
Total assets	<u>\$ 533,853,676</u>	<u>\$ 485,774,535</u>
Liabilities and net assets		
Liabilities:		
Accounts payable	\$ 5,568,896	\$ 3,767,974
Accrued expenses	3,391,945	3,267,413
Deferred revenue	2,407,479	2,155,673
Deferred giving program	<u>74,067,381</u>	<u>69,686,661</u>
Total liabilities	<u>85,435,701</u>	<u>78,877,721</u>
Net assets:		
Without donor restrictions:		
Charitable gift annuities	21,902,606	20,956,717
Undesignated	75,803,186	70,815,586
Investment in property and equipment	62,635,365	54,166,405
Designated by the governing board for endowment	<u>234,457,654</u>	<u>211,092,961</u>
Total without donor restrictions	<u>394,798,811</u>	<u>357,031,669</u>
With donor restrictions	<u>53,619,164</u>	<u>49,865,145</u>
Total net assets	<u>448,417,975</u>	<u>406,896,814</u>
Total liabilities and net assets	<u>\$ 533,853,676</u>	<u>\$ 485,774,535</u>

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

YEAR ENDED DECEMBER 31, 2020 WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019

	2020			2019 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Operating activities:				
Support and revenue:				
Contributions	\$ 93,149,922	\$ 26,794,051	\$ 119,943,973	\$ 122,620,869
Billy Graham Training Center	3,342,332	-	3,342,332	7,952,243
<i>Decision</i> magazine and other evangelistic materials	2,358,425	-	2,358,425	2,075,755
Other income	4,630,358	-	4,630,358	8,043,479
Net assets released from restrictions	26,232,003	(26,232,003)	-	-
Total support and revenue	<u>129,713,040</u>	<u>562,048</u>	<u>130,275,088</u>	<u>140,692,346</u>
Operating expenses:				
Ministry expenses:				
Evangelistic crusades	17,727,396	-	17,727,396	25,994,215
COVID-19 ministry	15,753,369	-	15,753,369	-
Decision America Tour	9,742,428	-	9,742,428	17,268,976
Billy Graham Training Center	9,645,193	-	9,645,193	11,445,245
Billy Graham Library	7,205,885	-	7,205,885	8,059,613
Print and internet	7,726,496	-	7,726,496	6,256,408
Radio	4,500,604	-	4,500,604	4,436,709
<i>Search for Jesus</i>	6,314,338	-	6,314,338	6,565,005
<i>Decision</i> magazine	4,389,204	-	4,389,204	4,498,772
Church ministry	1,641,224	-	1,641,224	2,282,094
Billy Graham Rapid Response Team	4,635,817	-	4,635,817	4,604,851
Television and film	5,193,426	-	5,193,426	5,571,980
Other evangelistic ministry	11,025,077	-	11,025,077	8,549,469
Total ministry expenses	<u>105,500,457</u>	<u>-</u>	<u>105,500,457</u>	<u>105,533,337</u>
Support activities:				
Fundraising	7,386,111	-	7,386,111	7,604,910
General and administrative	13,587,086	-	13,587,086	13,493,034
Total operating expenses	<u>126,473,654</u>	<u>-</u>	<u>126,473,654</u>	<u>126,631,281</u>
Change in net assets from operations	<u>3,239,386</u>	<u>562,048</u>	<u>3,801,434</u>	<u>14,061,065</u>
Nonoperating activities:				
Net investment return	27,241,356	3,786,970	31,028,326	40,195,129
Insurance proceeds	5,197,989	-	5,197,989	-
Change in value of annuities and trusts	1,826,674	(674,510)	1,152,164	3,989,519
Other nonoperating income	261,737	79,511	341,248	122,301
Total nonoperating activities	<u>34,527,756</u>	<u>3,191,971</u>	<u>37,719,727</u>	<u>44,306,949</u>
Change in net assets	37,767,142	3,754,019	41,521,161	58,368,014
Net assets, beginning of year	<u>357,031,669</u>	<u>49,865,145</u>	<u>406,896,814</u>	<u>348,528,800</u>
Net assets, end of year	<u>\$ 394,798,811</u>	<u>\$ 53,619,164</u>	<u>\$ 448,417,975</u>	<u>\$ 406,896,814</u>

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**

YEAR ENDED DECEMBER 31, 2020 WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 41,521,161	\$ 58,368,014
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization expense	6,665,247	5,878,547
Realized gains on sale of investments	(27,819,886)	(1,483,131)
Unrealized losses (gains) on investments	1,278,636	(30,491,749)
Change in value of annuities and trusts	(1,152,164)	(3,989,519)
Gift portion of new annuities and trusts	(1,192,771)	(887,343)
Donations of real estate and mortgage deeds receivable	-	(11,400,000)
Donations of beneficial interest in remainder trust	(165,000)	(884,000)
Contributions restricted for endowment	(122,720)	(195,955)
Net losses (gains) on sale of donated real estate and fixed assets	97,335	(685,649)
Changes in operating assets and liabilities:		
(Increase) decrease in receivables, net of allowances	(4,920,208)	209,286
Decrease in inventories, prepaid expenses, and other assets	56,665	168,639
Increase in accounts payable, accrued expenses, and deferred revenue	983,932	1,340,302
Net cash flows from operating activities	<u>15,230,227</u>	<u>15,947,442</u>
Cash flows from investing activities:		
Purchases of investments	(136,869,467)	(13,839,504)
Proceeds from sales of investments	146,153,417	6,938,299
Purchases of fixed assets	(14,068,562)	(5,004,244)
Additions to other assets	(335,000)	(371,000)
Proceeds from the sale of donated real estate and fixed assets	112,150	8,088,113
Net cash flows from investing activities	<u>(5,007,462)</u>	<u>(4,188,336)</u>
Cash flows from financing activities:		
Contributions restricted for endowment	122,720	195,955
Net investment income	3,095,117	1,971,153
Proceeds from beneficial interest in remainder trusts	13,174	12,894
Proceeds from deferred giving program contracts	5,792,122	3,739,921
Payments of deferred giving program contracts	(4,225,327)	(4,043,374)
Net cash flows from financing activities	<u>4,797,806</u>	<u>1,876,549</u>
Change in cash and cash equivalents	15,020,571	13,635,655
Cash and cash equivalents at beginning of year	<u>53,658,531</u>	<u>40,022,876</u>
Cash and cash equivalents at end of year	<u>\$ 68,679,102</u>	<u>\$ 53,658,531</u>
SUPPLEMENTAL INFORMATION:		
Fixed asset construction in progress payable	<u>\$ 1,193,328</u>	<u>\$ -</u>

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

**BILLY GRAHAM EVANGELISTIC ASSOCIATION
AND CONSOLIDATED ORGANIZATIONS**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 WITH COMPARATIVE TOTALS FOR 2019

Note 1—Description of ministry and significant accounting policies

Description of Ministry – Continuing the lifelong work of Billy Graham, the Billy Graham Evangelistic Association exists to support and extend the evangelistic calling and ministry of 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 the church and others to do the same.

Jesus said, “For God so loved the world that He gave His only begotten Son, that whoever believes in Him should not perish but have everlasting life. For God did not send His Son into the world to condemn the world, but that the world through Him might be saved” (John 3:16-17). At the core of the Ministry is the belief that mankind has been separated from God by sin and our only hope of salvation comes from the atoning sacrifice of God’s Son, Jesus Christ. The Bible tells us, “All have sinned and come short of the glory of God” (Romans 3:23) and “the wages of sin is death, but the gift of God is eternal life through Jesus Christ our Lord” (Romans 6:23). Jesus took our sins upon Himself, suffered and died on a cross. He took our sins to the grave, and on the third day, God raised His Son to life. Through His death and resurrection, Jesus became the way for man to be reconciled to God. Jesus said, “I am the way, the truth, and the life. No one comes to the Father except through Me” (John 14:6).

God’s Word commands His followers to take this Good News to the ends of the earth and make disciples of all nations (Matthew 28:19-20). People who choose to remain in their sins will be separated from God forever. But those who put their faith and trust in Jesus Christ will be saved by God’s grace. “If you confess with your mouth the Lord Jesus and believe in your heart that God has raised Him from the dead, you will be saved” (Romans 10:9).

If you would like to receive God’s free gift of salvation, you can pray a prayer like this: “Dear God, I know that I am a sinner. I want to turn from my sins, and I ask for Your forgiveness. I believe by faith that Jesus Christ is Your Son. I believe He died for my sins and that You raised Him to life. I want Him to come into my heart and to take control of my life. I want to trust Jesus as my Savior and follow Him as my Lord from this day forward. In Jesus’ Name, amen.”

Support is received primarily through contributions and deferred giving programs. Major evangelistic opportunities include but are not limited to:

Evangelistic Crusades – The Association partners with local churches to proclaim the clear Gospel message at domestic and international events for lost and hurting people and call them to repentance and hope in Jesus Christ. During the global lockdowns and restrictions of 2020, the Association began hosting online events in place of in-person gatherings to share the Good News.

COVID-19 Ministry – BGEA launched several new initiatives in 2020 to reach out with the Gospel during the coronavirus disease 19 (“COVID-19”) pandemic, including Gospel TV spots that aired across the nation and a 24/7 toll-free prayer line.

Decision America Tour – During this tour across Florida, crowds in six cities were led in prayer for their community, their state, and our nation. Believers were challenged to take a bold stand for Biblical truth, and nonbelievers were called to respond in repentance and faith to the transforming message of God’s grace. Franklin Graham called on Christians to join him in September for the 2020 Prayer March on the National Mall in Washington, D.C. Thousands gathered for the 1.8-mile walk to stand together and pray for America.

Billy Graham Training Center at The Cove – The Cove continues to train believers in God’s Word to win others to Christ. Believers are equipped through Biblical instruction, inspiration, intercession, and impact in an environment that offers opportunities for retreat, rest, relaxation, and renewal. Ministry during COVID-19 involved limited attendance for in-person seminars, and offered live streaming training sessions, and previous seminars online for people at home.

**BILLY GRAHAM EVANGELISTIC ASSOCIATION
AND CONSOLIDATED ORGANIZATIONS**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 WITH COMPARATIVE TOTALS FOR 2019

Note 1—Description of ministry and significant accounting policies (continued)

Billy Graham Library – The Library is a living ministry in Charlotte, North Carolina that is free and open to the public. Lives are transformed as visitors encounter the love of Christ through the story of Billy Graham’s life and message. In the midst of social distancing restrictions, the Library welcomed more than 66,000 guests in 2020—all while following local health guidelines—and offered new online resources to reach those unable to visit, including a virtual tour experience. Each day the Library is open, visitors hear the Good News proclaimed throughout the Library tour and thousands have responded by surrendering their lives to Jesus Christ in repentance and faith.

Media Ministries – Our interactive *Search for Jesus* websites, television, radio and *Decision* magazine are reaching millions with the Gospel. People in virtually every country on earth have the opportunity to hear the Good News and speak with trained individuals to explore the message of God’s grace.

Billy Graham Rapid Response Team – This international network of volunteer chaplains is trained specifically to care for people’s spiritual and emotional needs in crisis situations. They deploy to communities traumatized by natural disasters, civil unrest, or violence. In 2020, we provided a ministry of prayer and presence for patients and staff at emergency field hospitals in Italy, New York, and the Bahamas. Chaplains also continued ministering to law enforcement officers across the U.S., especially in light of civil unrest.

Principles of Consolidation – The consolidated financial statements include the Billy Graham Evangelistic Association (a North Carolina corporation) and other consolidated organizations, which include, among other entities: BGEA, MN; Blue Ridge Broadcasting Corporation; Cove Endowment Trust Fund; Billy Graham Library Endowment Trust Fund; Graham Fund for Evangelism; Illusion Properties, S. A.; and Billy Graham Evangelistic Association of Korea (collectively referred to herein as the “Association”). In accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) 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.

Comparative Summarized Information – The consolidated 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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Association’s consolidated financial statements for the year ended December 31, 2019, 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 consolidated statement of cash flows, cash and cash equivalents included in investments functioning as endowment, investments in the deferred giving program, and funds designated for long-term purposes are not considered cash and cash equivalents.

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 \$34,189 and \$49,378 at December 31, 2020 and 2019, respectively.

Inventories – Inventories are products for sale stated at the lower of cost (average cost method) or net realizable value.

**BILLY GRAHAM EVANGELISTIC ASSOCIATION
AND CONSOLIDATED ORGANIZATIONS**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 WITH COMPARATIVE TOTALS FOR 2019

Note 1—Description of ministry and significant accounting policies (continued)

Property and Equipment – Property and equipment is recorded at cost at the date of acquisition or fair value at the date of gift. The cost of repairs and maintenance is generally charged to expense in the year incurred. Depreciation of buildings is recorded using the straight-line method over the estimated useful lives of 30 years. Depreciation of furniture, fixtures, and equipment is recorded using the straight-line method over estimated useful lives of 3 to 10 years.

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 in the consolidated statement of financial position or as contributions in the consolidated 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 nonrecurring basis based upon market appraisals at the time of the gift. Investment return is included in the change in net assets without donor restriction unless the return is restricted by the donor.

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, placed with a bank as custodian, 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 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 and trusts, the present value calculation used a 0.60% and 1.80% discount rate in 2020 and 2019, respectively. Revaluations of expected future payments to beneficiaries based on changes in life expectancy are calculated using mortality tables as well as other actuarial assumptions and are recorded as a change in value of annuities and trusts in the consolidated 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 consolidated statement of financial position, as the Association’s share of these assets cannot be determined.

**BILLY GRAHAM EVANGELISTIC ASSOCIATION
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 WITH COMPARATIVE TOTALS FOR 2019

Note 1—Description of ministry and significant accounting policies (continued)

Revenue Recognition – The primary revenue streams are recognized as follows:

Contributions – The Association records contributions as restricted support if they are received with donor stipulations that limit their use either through purpose or time restrictions. When donor restrictions expire, restricted net assets are reclassified to without donor restriction net assets and reported in the consolidated statement of activities as net assets released from restrictions. 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.

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

Billy Graham Training Center at The Cove – The Association provides programs, food and lodging to their guests at The Cove. Operating revenue is recorded as income when the performance obligation is met.

Decision Magazine – The subscription price of *Decision* magazine is charged to unearned subscriptions when received and is amortized to income over an 11-month period as the performance obligation is met.

Net Asset Classifications – Net assets, revenues, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions include charitable gift annuities, investment in property and equipment, and governing board designated endowments.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulated that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Donated Volunteer Services – The Association received contributed services from approximately 8,830 individual volunteers in 2020 and 34,090 individuals in 2019. The Association recorded the value of approximately 80 of those volunteers for the years ended December 31, 2020 and 2019. The value of contributed services recorded by the Association amounted to approximately \$124,000 in 2020 and \$86,000 in 2019. The recorded value is determined based on hours of service donated at federal minimum wage and is reported both as revenue and expense in the period the service is performed.

The approximate remaining 8,750 volunteers in 2020 and 34,000 in 2019 performed services which are not reflected in the consolidated financial statements as the services did not require specialized skills as specified by U.S. GAAP pertaining to accounting for contributions received and contributions made. These services are estimated to be valued at \$3,234,000 in 2020 and \$5,143,000 in 2019.

Costs related to recruiting volunteers, who contribute their services and time, are classified as fundraising activity expenses in the consolidated statement of activities.

Donated Assets – Donated assets are recorded as support at their estimated fair value on the date received by the Association. Such donations are reported as without donor restriction support unless the donor has restricted the donated asset to a specific purpose.

**BILLY GRAHAM EVANGELISTIC ASSOCIATION
AND CONSOLIDATED ORGANIZATIONS**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 WITH COMPARATIVE TOTALS FOR 2019

Note 1—Description of ministry and significant accounting policies (continued)

Advertising Costs – The Association expenses advertising costs as incurred. For the years ended December 31, 2020 and 2019, advertising costs totaling approximately \$17,495,000 and \$5,872,000, respectively, related primarily to television airtime to promote airing of evangelistic broadcasts, evangelistic crusades, internet evangelism, other ministry initiatives, and related materials. Included in the 2020 total, \$11,637,000 is related to COVID-19 ministry.

Functional Allocation of Expenses – The cost of program and supporting services activities have been summarized on a functional basis in the consolidated statement of activities. The schedules of functional expenses present the natural classification detail of expenses by function. The consolidated financial statements report certain categories of expense that are attributable to one or more program or supporting function of the Association. These expenses include depreciation, communications, media production, information technology, and facilities operations and maintenance. Depreciation is allocated based on square footage and usage of space. Cost of other categories are allocated on estimate of time and effort.

Allocation of Joint Costs – In 2020, the ministry conducted activities that included requests for contributions, as well as ministry and general and administrative components. Those activities included print communications and broadcast productions. The costs of conducting those activities included a total of \$20,726,604 and \$19,160,208 of joint costs for 2020 and 2019, respectively. These joint costs are not specifically attributable to particular components of the activities and were allocated as follows:

	<u>2020</u>	<u>2019</u>
Ministry	\$ 17,247,018	\$ 16,154,405
Fundraising	2,431,257	1,921,761
General and administrative	1,048,329	1,084,042
	<u>\$ 20,726,604</u>	<u>\$ 19,160,208</u>

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 (“IRC”) Section 170. Any unrelated business income may be subject to taxation; however, the Association currently does not have an obligation for any unrelated business income tax.

The Internal Revenue Service (“IRS”) has determined that the Association qualifies for tax-exempt status under IRC Section 501(c)(3); that it is not a private foundation, and that it is classified as a public charity as described in 509(a)(1) and 170(b)(1)(A)(i). The Association is not required to file IRS Form 990, annual information return, under IRC Section 6033.

Use of Estimates – The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

**BILLY GRAHAM EVANGELISTIC ASSOCIATION
AND CONSOLIDATED ORGANIZATIONS**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 WITH COMPARATIVE TOTALS FOR 2019

Note 2—Liquidity and availability

The following reflects the Association's financial assets as of December 31, 2020 and 2019, reduced by amounts not available for general use due to contractual, donor-imposed restrictions, or board designations within one year of the consolidated statement of financial position.

	<u>2020</u>	<u>2019</u>
Financial assets, at year-end:		
Cash and cash equivalents	\$ 68,679,102	\$ 53,658,531
Accounts receivable, net	8,306,975	4,124,426
Contributions receivable, net	1,510,000	772,341
Investments	384,042,322	364,803,081
Beneficial interest in remainder trusts	3,386,822	3,234,996
Total financial assets	<u>465,925,221</u>	<u>426,593,375</u>
Less those unavailable for general expenditures within one year, due to:		
Donor-imposed restrictions:		
Restricted by donor with time and purpose restrictions, net of 2021 and 2020 projected release, respectively	34,504,382	33,640,679
Subject to appropriation and satisfaction of donor restrictions	10,182,782	6,906,466
Investments held for planned giving obligations	102,038,265	97,040,629
Other long-term investments	20,533,121	29,679,372
Board designations:		
Investments functioning as endowments, net of spending plan	<u>229,452,654</u>	<u>207,276,825</u>
Financial assets unavailable for general expenditure within one year	<u>396,711,204</u>	<u>374,543,971</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 69,214,017</u>	<u>\$ 52,049,404</u>

The Billy Graham Evangelistic Association is substantially supported by contributions without donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Association must maintain sufficient resources to meet those responsibilities to its donors.

The Cove's board-designated endowment is subject to an annual spending plan based upon capital and operating needs as described in Note 8. An amount up to the 2021 approved budget of \$5,005,000 is available as needed.

As part of the Association's liquidity management, it has implemented a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Association invests cash in excess of daily requirements in short-term investments.

The financial assets available to meet cash needs as represented above are equal to approximately six months of the Association's annual operating expenses. This is common and reasonable to ensure long-term ministry impact.

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Note 3—Contributions receivable

Contributions receivable consists of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Unconditional contributions receivable	\$ 1,510,000	\$ 775,000
Less discount and allowance	-	2,659
Net contributions receivable	<u>\$ 1,510,000</u>	<u>\$ 772,341</u>
Amounts due in:		
Less than one year	\$ 760,000	\$ 730,000
One to five years	750,000	45,000
	<u>\$ 1,510,000</u>	<u>\$ 775,000</u>

\$1,510,000 and \$720,000 of the contributions receivable relate to bequests as of December 31, 2020 and 2019, respectively.

Note 4—Property and equipment

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

	<u>2020</u>	<u>2019</u>
Land and improvements	\$ 18,651,632	\$ 18,610,396
Buildings and improvements:		
Billy Graham Training Center	39,873,845	35,546,207
Billy Graham Library	18,082,714	17,990,821
Headquarters and other	39,256,893	38,889,891
Equipment, furniture, and fixtures	<u>60,382,295</u>	<u>54,474,834</u>
	176,247,379	165,512,149
Less accumulated depreciation	<u>117,300,829</u>	<u>112,525,826</u>
	58,946,550	52,986,323
Construction in progress	<u>3,688,815</u>	<u>1,180,082</u>
Net property and equipment	<u>\$ 62,635,365</u>	<u>\$ 54,166,405</u>

Depreciation expense for the years ended December 31, 2020 and 2019 was approximately \$6,665,000 and \$5,879,000, respectively.

The Association records losses on property and equipment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. There were no property and equipment impairments in 2020 and 2019.

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Note 5—Investments

Investments are composed of the following:

	<u>2020</u>	<u>2019</u>
Equities	\$ 219,138,937	\$ 192,212,729
Fixed income and credit	122,243,353	113,885,716
Cash	11,393,276	12,105,528
Certificates of deposit	500,000	9,500,000
Alternative investments	8,699,798	13,732,208
Other	22,066,958	23,366,900
	<u>\$ 384,042,322</u>	<u>\$ 364,803,081</u>

Note 6—Deferred giving program

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

	<u>2020</u>		<u>2019</u>	
	<u>Assets</u>	<u>Liability</u>	<u>Assets</u>	<u>Liability</u>
Gift annuity fund	\$ 74,685,478	\$ 52,782,872	\$ 65,698,321	\$ 44,741,605
Irrevocable trusts	15,456,446	9,974,504	15,886,413	9,974,921
Life estates	683,417	97,081	683,417	197,657
	90,825,341	62,854,457	82,268,151	54,914,183
Revocable trusts	11,212,924	11,212,924	14,772,478	14,772,478
	<u>\$ 102,038,265</u>	<u>\$ 74,067,381</u>	<u>\$ 97,040,629</u>	<u>\$ 69,686,661</u>

The change in value of annuities and trusts for the years ended December 31 is as follows:

	<u>2020</u>	<u>2019</u>
Investment return	\$ 8,879,156	\$ 9,818,605
Change in liability	(6,869,938)	(5,143,394)
Trust payments to beneficiaries and fees	(792,071)	(654,851)
Other expenses	(64,983)	(30,841)
	<u>\$ 1,152,164</u>	<u>\$ 3,989,519</u>

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Note 7—Fair value measurements of assets and liabilities

The Association follows the provisions of U.S. GAAP 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 cover the related Level 1 assets.

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.

Level 3 – Financial instruments that are not actively traded on a market exchange and require using significant unobservable inputs in determining fair value.

The following tables summarize the valuation of the Association’s financial assets and liabilities measured at fair value as of December 31, 2020, based on the level of input utilized to measure fair value:

Measurement at fair value on a recurring basis:

Description	Fair Value Measurement at December 31, 2020			
	Level 1	Level 2	Level 3	Total
Equities:				
Mutual funds	\$ 215,714,431	\$ -	\$ -	\$ 215,714,431
Common and foreign stock	3,424,506	-	-	3,424,506
Fixed income and credit:				
U.S. government	11,939,761	-	-	11,939,761
Corporate	-	21,448,348	-	21,448,348
Government mortgage backed securities	-	8,547,384	-	8,547,384
Bond funds	80,307,860	-	-	80,307,860
Other:				
Cash and cash equivalents	11,893,276	-	-	11,893,276
Other	-	157,122	-	157,122
	<u>\$ 323,279,834</u>	<u>\$ 30,152,854</u>	<u>\$ -</u>	<u>353,432,688</u>
Alternative investments ⁽¹⁾				8,699,798
Total investments - recurring basis				<u>\$ 362,132,486</u>
Beneficial interest in remainder trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,386,822</u>	<u>\$ 3,386,822</u>
Deferred giving liabilities	<u>\$ 3,170,928</u>	<u>\$ 65,834,753</u>	<u>\$ -</u>	<u>\$ 69,005,681</u>

⁽¹⁾In accordance with ASC Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statement of financial position.

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Note 7—Fair value measurements of assets and liabilities (continued)

Measurement at fair value on a non-recurring basis:

Description	Fair Value Measurement at December 31, 2020			
	Level 1	Level 2	Level 3	Total
Investments:				
Other - real estate	\$ -	\$ 21,589,837	\$ -	\$ 21,589,837
Other	-	-	319,999	319,999
Total investments - nonrecurring basis	<u>\$ -</u>	<u>\$ 21,589,837</u>	<u>\$ 319,999</u>	<u>\$ 21,909,836</u>
Deferred giving liabilities	<u>\$ -</u>	<u>\$ 5,061,700</u>	<u>\$ -</u>	<u>\$ 5,061,700</u>

Other investments valued utilizing Level 3 inputs on a non-recurring basis include 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 otherwise. Management is not aware of any factors that would impact net asset value as of December 31, 2020:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private Investment Fund ^(a)	\$ 931,771	\$ -	Ineligible	None
Private Investment Fund ^(b)	\$ 7,768,027	\$ -	Monthly	15 days

^(a)The strategy for this fund is to engage in the acquisition, operation, development, management, and disposition of direct and indirect royalty interests in natural gas, oil, and wind energy.

^(b)The strategy for this fund is to secure a portfolio of senior loans made to corporations, partnerships, and other entities that typically hold the most senior positions in the borrower's capital structure.

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Note 8—Endowment funds

The Association interprets the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) underlying net asset classification of donor-restricted assets as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2020 and 2019, there were no such donor stipulations. As a result of this interpretation, we retain in perpetuity the original value of initial and subsequent gift amounts donated to the endowment. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA.

Donor-Restricted Endowments – At December 31, 2020, the Association’s donor-restricted endowment funds consist of 30 individual funds established for a variety of purposes. In addition, the Association has established a Library endowment fund to receive donor gifts held in perpetuity 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 donor gifts held in perpetuity as part of irrevocable trust and annuity gifts. The primary investment objective for donor-restricted endowment funds is to preserve and protect assets by focusing on conservation of principal and long-term growth of capital and income. In addition, the investment objective for donor-restricted endowment funds is to meet the donor’s charitable objective for the endowment. This objective is generally attained by investing in a diversified portfolio of high quality securities.

Board-Designated Endowments – The Association’s Board of Directors has designated a portion of without donor restriction net assets as funds functioning as endowments. Separate funds have been established for the Billy Graham Library Endowment Trust Fund, the Cove Endowment Trust Fund, the future ministries fund, the Graham Fund for Evangelism, and the Blue Ridge Broadcasting Fund.

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 2020, over 66,000 people visited the Billy Graham Library having the opportunity to hear the Gospel message with over 490 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. The board designated spending plan for this fund has been suspended in an effort to build the fund’s balance. Funds from donor-restricted endowments were transferred to support the ministry of the Library in the amount of approximately \$353,000 and \$440,000 for 2020 and 2019, respectively.

The purpose of the Cove Endowment 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. The spending plan for this fund has been based upon the capital and operating needs of The Cove. Funds totaling approximately \$3,350,000 and \$1,350,000 were transferred to support the ministry of The Cove for 2020 and 2019, respectively.

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Note 8—Endowment funds (continued)

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 an interest bearing account. Expenditures from the future ministries fund are determined by the Board in order to meet ministry needs and projects. Funds were not withdrawn in 2020 and 2019 in order to preserve principal.

The Graham Fund for Evangelism exists for the sole specific purpose of sustaining, with long-term financial support, the ministries of the Billy Graham Evangelistic Association. 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 an interest bearing account.

The purpose of the Blue Ridge Broadcasting Endowment is to support future ministry opportunities. The primary investment objective of the endowment 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 endowment fund are determined by the board in order to meet ministry needs. Funds were not withdrawn in 2020 and 2019 in order to preserve principal.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donor or by law (underwater endowments). The Association has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2020 and 2019, the Association had no underwater endowments.

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

	2020		2019	
	Without Donor Restrictions			
	Board Designated	With Donor Restrictions	Total	Total
Billy Graham Library Endowment Trust Fund	\$ 138,488,291	\$ 23,840,004	\$ 162,328,295	\$ 143,791,740
Cove Endowment Trust Fund	89,093,887	354,620	89,448,507	81,964,604
Future ministries fund	5,396,749	-	5,396,749	5,382,244
Graham Fund for Evangelism	32,407	-	32,407	32,796
Blue Ridge Broadcasting	1,446,320	-	1,446,320	1,395,611
Other endowment funds	-	6,660,540	6,660,540	5,965,594
	<u>\$ 234,457,654</u>	<u>\$ 30,855,164</u>	<u>\$ 265,312,818</u>	<u>\$ 238,532,589</u>

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Note 8—Endowment funds (continued)

Changes in endowment net assets for the fiscal year ended December 31, 2020:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 211,092,961	\$ 27,439,628	\$ 238,532,589
Investment return:			
Investment income	3,567,189	489,267	4,056,456
Realized and unrealized gains, net	23,231,542	3,297,703	26,529,245
Total net investment return	26,798,731	3,786,970	30,585,701
Contributions	-	122,719	122,719
Other income (loss)	25	(21,066)	(21,041)
Amounts appropriated for expenditure	(136,404)	(489,587)	(625,991)
Transfers to	52,341	16,500	68,841
Transfers from	(3,350,000)	-	(3,350,000)
Endowment net assets, end of year	<u>\$ 234,457,654</u>	<u>\$ 30,855,164</u>	<u>\$ 265,312,818</u>

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Note 9—Composition of net assets with donor restrictions

	<u>2019</u>	<u>Contributions</u>	<u>Net Assets Released from Restrictions and Transfers</u>	<u>Change in Value Gains and Losses</u>	<u>2020</u>
Subject to expenditure for specified purpose:					
Evangelistic crusades	\$ 24,480	\$ 3,916,991	\$ (3,780,229)	\$ -	\$ 161,242
COVID-19 ministry	-	5,986,986	\$ (5,986,986)	-	-
Decision America Tour	-	2,030,333	(2,030,333)	-	-
Billy Graham Rapid Response Team	4,064,870	6,407,362	(4,661,767)	-	5,810,465
World Emergency Fund	1,970,516	337,413	(491,017)	-	1,816,912
Billy Graham Library	588,684	1,182,031	(1,234,372)	-	536,343
<i>Search for Jesus</i>	17,811	1,456,759	(1,460,057)	-	14,513
Billy Graham Archive and Research Center	3,925,302	411,233	(2,900,097)	-	1,436,438
Other evangelistic ministry	1,481,605	3,022,264	(2,480,882)	-	2,022,987
	<u>12,073,268</u>	<u>24,751,372</u>	<u>(25,025,740)</u>	<u>-</u>	<u>11,798,900</u>
Subject to the passage of time:					
Beneficial interests in charitable trusts held by others	3,234,996	165,000	(13,174)	-	3,386,822
Assets held under split-interest agreements	5,707,078	244,960	-	(693,225)	5,258,813
Life estates	187,389	-	-	36,304	223,693
Contributions receivable that are not restricted by donors, but which are unavailable for expenditure until due	720,000	1,510,000	(720,000)	-	1,510,000
	<u>9,849,463</u>	<u>1,919,960</u>	<u>(733,174)</u>	<u>(656,921)</u>	<u>10,379,328</u>
Subject to the passage of time perpetual in nature:					
Assets held under split-interest agreements	204,414	-	-	18,715	223,129
Life estates	298,371	-	-	64,272	362,643
	<u>502,785</u>	<u>-</u>	<u>-</u>	<u>82,987</u>	<u>585,772</u>
Endowments:					
Accumulated earnings subject to appropriation and expenditure when a specified event occurs:					
Available for general use	2,652,859	-	-	1,016,838	3,669,697
Purpose restrictions	4,253,607	-	(489,589)	2,749,067	6,513,085
	<u>6,906,466</u>	<u>-</u>	<u>(489,589)</u>	<u>3,765,905</u>	<u>10,182,782</u>
Restricted in perpetuity, the income from which is expendable to support:					
Billy Graham Library Endowment Trust Fund	16,506,887	122,720	16,500	-	16,646,107
Other endowment funds	3,812,933	-	-	-	3,812,933
Cove Endowment Trust Fund	213,342	-	-	-	213,342
	<u>20,533,162</u>	<u>122,720</u>	<u>16,500</u>	<u>-</u>	<u>20,672,382</u>
Total endowments	<u>27,439,628</u>	<u>122,720</u>	<u>(473,089)</u>	<u>3,765,905</u>	<u>30,855,164</u>
Total with donor restrictions	<u>\$ 49,865,144</u>	<u>\$ 26,794,052</u>	<u>\$ (26,232,003)</u>	<u>\$ 3,191,971</u>	<u>\$ 53,619,164</u>

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Note 10—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 noncontrolling 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.

Blue Ridge Broadcasting's intangible assets consist of three indefinite-lived Federal Communications Commission broadcast licenses obtained in 2012, 2019, and 2020 through the purchase of multiple radio stations. These intangible assets are tested annually for impairment. At December 31, 2020, the Association determined that the carry value of the intangible asset exceeded the fair value based on changes in market conditions resulting in an impairment loss of \$110,000 which is included on the accompanying statement of functional expenses. At December 31, 2019, there were no impairment losses considered necessary. These intangible assets are carried at \$1,836,000 and \$1,501,000 as of December 31, 2020 and 2019, respectively.

During 2014, the Association entered into a purchase agreement with Dr. Graham to explicitly assign certain intellectual property rights to the Association. The intangible asset is valued at \$480,000 as of December 31, 2020 and 2019.

Note 11—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 approved for 2020 and 2019. The Association recorded expense of \$2,681,467 and \$2,583,415 for the years ended December 31, 2020 and 2019, respectively.

In addition, the Association has deferred compensation plans. Deferred compensation expense of \$19,338 and \$18,244 was incurred in 2020 and 2019, respectively. Deferred compensation liabilities of \$341,645 and \$322,307 existed at December 31, 2020 and 2019, respectively, and are included in accrued expenses.

Note 12—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 2020 and 2019. The estimated liability for these claims approximated \$600,000 and \$892,000 at December 31, 2020 and 2019, respectively, and are included in accrued expenses.

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Note 13—Schedules of functional expenses

	For the Year Ended December 31, 2020			
	Ministry Expenses	Fundraising	General and Administrative	Total
Ministry events	\$ 27,249,147	\$ 499,411	\$ 136,997	\$ 27,885,555
Salaries and wages	30,051,787	3,265,536	5,954,066	39,271,389
Employee benefits and taxes	10,000,978	1,057,972	2,093,603	13,152,553
Legal and professional services	4,351,038	208,300	945,520	5,504,858
Contract labor	8,241,047	149,632	719,542	9,110,221
Travel	3,642,913	275,463	139,216	4,057,592
Postage and mailing	4,073,683	768,672	273,381	5,115,736
Building and equipment	4,647,925	213,452	1,423,857	6,285,234
Printing	2,198,935	377,754	139,048	2,715,737
Supplies and telecommunications	2,047,355	132,722	315,521	2,495,598
Broadcasting and production	1,180,275	100,436	107,696	1,388,407
Grants and scholarships	1,228,535	-	-	1,228,535
Depreciation and other	6,586,839	336,761	1,338,639	8,262,239
Total expenses	<u>\$ 105,500,457</u>	<u>\$ 7,386,111</u>	<u>\$ 13,587,086</u>	<u>\$ 126,473,654</u>
	For the Year Ended December 31, 2019			
	Ministry Expenses	Fundraising	General and Administrative	Total
Ministry events	\$ 22,887,394	\$ 645,733	\$ 425,233	\$ 23,958,360
Salaries and wages	28,618,221	3,244,751	5,816,055	37,679,027
Employee benefits and taxes	9,869,222	1,089,651	2,251,198	13,210,071
Legal and professional services	3,929,970	149,376	644,030	4,723,376
Contract labor	10,308,094	219,367	668,158	11,195,619
Travel	9,282,189	578,840	410,358	10,271,387
Postage and mailing	4,110,965	700,991	258,354	5,070,310
Building and equipment	4,767,958	175,622	1,378,357	6,321,937
Printing	2,741,286	308,915	112,995	3,163,196
Supplies and telecommunications	1,749,646	129,697	256,489	2,135,832
Broadcasting and production	1,021,028	107,940	96,787	1,225,755
Grants and scholarships	522,292	-	-	522,292
Depreciation and other	5,725,072	254,027	1,175,020	7,154,119
Total expenses	<u>\$ 105,533,337</u>	<u>\$ 7,604,910</u>	<u>\$ 13,493,034</u>	<u>\$ 126,631,281</u>

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Note 14—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.

Note 15—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 ended December 31, 2020 and 2019, the International Affiliates reimbursed the Association \$67,324 and \$92,959, respectively, for various ministry projects. The Association transferred funds to the International Affiliates totaling \$1,480,111 and \$1,321,483 in 2020 and 2019, respectively, for various ministry projects and support. As of December 31, 2020 and 2019, the Association had accounts receivable totaling \$38,133 and \$10,584, respectively, from the International Affiliates. As of December 31, 2020 and 2019, the Association had accounts payable to the International Affiliates totaling \$3,243 and \$139,595, respectively.

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. The Association and Samaritan’s Purse are engaged in related party transactions, including a shared services agreement to gain efficiencies over administrative services supporting their individual ministries. They also receive and forward contributions intended for the other ministry, transfer assets that align with the other ministry’s projects and activities, and staff and financially support joint ministry activities and disaster responses.

The Association paid cash to Samaritan’s Purse totaling \$6,442,285 and \$5,283,849 in 2020 and 2019, respectively, while Samaritan’s Purse paid cash to the Association totaling \$3,030,681 and \$2,552,054 in 2020 and 2019, respectively, related to these activities. The Association received from Samaritan’s Purse in-kind contributions valued at \$469,595 and \$972,208 in 2020 and 2019, respectively.

Following is unaudited summary financial information as of December 31, 2020, for Samaritan’s Purse, which is controlled by an independent Board of Directors: total assets, \$994,004,205; total liabilities, \$70,285,216; total net assets, \$923,718,989; total revenues, \$898,666,165; and total expenses, \$676,904,001.

Other evangelistic ministry in the consolidated statement of activities includes contributions given to like ministries approved by the Board of Directors annually. Contributions of \$100,000 in 2020 and 2019 were given to Wheaton College and contributions of \$100,000 in 2020 and 2019 were given to Montreat College. As part of a donor advised program, grants of \$50,000 and \$25,000 were given to With Open Eyes and Harvest Christian Fellowship in 2020, respectively. The Association shares several common board members with these institutions but does not control the Board of Directors of these organizations. Contributions of \$100,000 and \$135,000 in 2020 and 2019, respectively 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 \$50,000 and \$35,000 were given in 2020 and 2019, respectively to Ruth Graham and Friends. The founder and Chairman of Ruth Graham and Friends is the sister of the Chief Executive Officer.

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Note 16—Commitments

In 2020, the Association entered into an agreement with a company for construction services related to a new building addition with a total cost of approximately \$10,000,000 and for which approximately \$7,400,000 is an outstanding commitment on the agreement at December 31, 2020.

Note 17—Unusual event

In 2020, the Association received approximately \$5,200,000 in insurance proceeds for casualty losses due to a fire at The Cove, which are reported in the consolidated statement of activities under nonoperating activities. The Association also received approximately \$370,000 in insurance proceeds for the related business interruption losses, which are reported in the consolidated statement of activities as other income under operating activities.

Note 18—Subsequent events

The Association has evaluated subsequent events through March 25, 2021 in connection with the preparation of these financial statements which is the date the financial statements were available to be issued.