

**BILLY GRAHAM EVANGELISTIC ASSOCIATION  
AND CONSOLIDATED ORGANIZATIONS**

**CONSOLIDATED FINANCIAL STATEMENTS**

*As of and for the Year Ended December 31, 2017 with  
Comparative Totals for the Year Ended December 31, 2016*

*And Report of Independent Auditor*

# **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 the church and others to do the same.



# **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

### **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, 2017 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 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 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, 2017 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 2016 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated March 27, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited statements from which it has been derived.

*Cherry Bekart LLP*

Charlotte, North Carolina  
March 26, 2018

**Billy Graham Evangelistic Association  
and Consolidated Organizations**

**Consolidated Statement of Financial Position  
December 31, 2017 with Comparative Totals for 2016**

	2017	2016
<b>Assets</b>		
Cash and cash equivalents	\$ 33,172,394	\$ 36,822,516
Accounts receivable, net	4,189,844	4,688,247
Pledges and other contributions receivable, net	1,232,710	4,920,036
Inventories	498,968	487,517
Prepaid expenses and other current assets	1,315,138	918,519
	<b>40,409,054</b>	<b>47,836,835</b>
Property and equipment, net of accumulated depreciation	<b>55,556,126</b>	<b>57,403,935</b>
Investments:		
Investments functioning as endowments	209,683,278	181,512,263
Other long-term investments	20,473,200	16,137,079
Deferred giving program	92,878,599	86,600,623
	<b>323,035,077</b>	<b>284,249,965</b>
Beneficial interest in remainder trusts	2,560,210	2,723,697
Other assets	1,976,800	1,969,419
Total assets	<b>\$ 423,537,267</b>	<b>\$ 394,183,851</b>
<b>Liabilities and net assets</b>		
Liabilities:		
Accounts payable	\$ 3,123,285	\$ 4,915,385
Accrued expenses	2,739,578	3,196,982
Deferred revenue	2,076,331	1,506,218
Deferred giving program	67,866,379	67,109,709
Total liabilities	<b>75,805,573</b>	<b>76,728,294</b>
Net assets:		
Unrestricted:		
Designated by governing board	192,402,865	166,713,045
Represented by property and equipment	55,556,126	57,403,935
General	63,821,127	60,405,000
Total unrestricted net assets	<b>311,780,118</b>	<b>284,521,980</b>
Temporarily restricted	23,218,176	20,704,151
Permanently restricted	12,733,400	12,229,426
Total net assets	<b>347,731,694</b>	<b>317,455,557</b>
Total liabilities and net assets	<b>\$ 423,537,267</b>	<b>\$ 394,183,851</b>

**Billy Graham Evangelistic Association  
and Consolidated Organizations**

**Consolidated Statement of Activities  
For the Year Ended December 31, 2017 with Summarized Comparative Totals for 2016**

	2017			Total	2016 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
<b>Operating activities</b>					
Support and revenue:					
Contributions	\$ 70,036,567	\$22,378,219	\$ 460,957	<b>\$ 92,875,743</b>	\$ 91,137,190
Billy Graham Training Center	7,141,343	-	-	<b>7,141,343</b>	6,805,436
<i>Decision</i> magazine and other evangelistic materials	1,624,337	-	-	<b>1,624,337</b>	1,976,605
Other income	6,708,936	-	-	<b>6,708,936</b>	6,682,698
Net assets released from restrictions	22,646,102	(22,673,602)	27,500	-	-
Total support and revenue	<u>108,157,285</u>	<u>(295,383)</u>	<u>488,457</u>	<b><u>108,350,359</u></b>	<u>106,601,929</u>
Operating Expenses:					
Ministry expenses:					
Evangelistic crusades	14,114,624	-	-	<b>14,114,624</b>	10,230,386
Billy Graham Training Center	11,198,294	-	-	<b>11,198,294</b>	10,790,572
Decision America	8,754,490	-	-	<b>8,754,490</b>	15,581,599
Billy Graham Library	7,512,232	-	-	<b>7,512,232</b>	7,454,835
SearchforJesus.net	5,210,626	-	-	<b>5,210,626</b>	4,407,132
<i>My Hope</i>	4,661,733	-	-	<b>4,661,733</b>	3,500,623
Rapid Response Team and World Emergency Fund	3,637,621	-	-	<b>3,637,621</b>	3,402,475
Radio	6,499,229	-	-	<b>6,499,229</b>	6,301,184
Print and internet	6,097,117	-	-	<b>6,097,117</b>	5,536,314
Persecution Summit	4,707,048	-	-	<b>4,707,048</b>	-
<i>Decision</i> Magazine	4,218,921	-	-	<b>4,218,921</b>	4,925,704
Television and film	2,387,759	-	-	<b>2,387,759</b>	1,706,369
Other evangelistic ministry	11,803,187	-	-	<b>11,803,187</b>	10,788,851
Total ministry expenses	<u>90,802,881</u>	<u>-</u>	<u>-</u>	<b><u>90,802,881</u></b>	<u>84,626,044</u>
Support activities:					
Fundraising	6,149,156	-	-	<b>6,149,156</b>	6,936,753
General and administrative	10,260,890	-	-	<b>10,260,890</b>	9,242,804
Total operating expenses	<u>107,212,927</u>	<u>-</u>	<u>-</u>	<b><u>107,212,927</u></b>	<u>100,805,601</u>
Change in net assets from operations	<u>944,358</u>	<u>(295,383)</u>	<u>488,457</u>	<b><u>1,137,432</u></b>	<u>5,796,328</u>
<b>Nonoperating activities</b>					
Investment income	3,764,317	334,145	-	<b>4,098,462</b>	4,781,476
Other nonoperating loss	(78,431)	(24,541)	(3,613)	<b>(106,585)</b>	(320,822)
Realized gains on investments	1,613,591	160,285	-	<b>1,773,876</b>	193,426
Unrealized gains on investments	16,397,931	2,008,992	-	<b>18,406,923</b>	7,054,602
Change in value of annuities and trusts	4,616,372	330,527	19,130	<b>4,966,029</b>	2,297,693
Total nonoperating activities	<u>26,313,780</u>	<u>2,809,408</u>	<u>15,517</u>	<b><u>29,138,705</u></b>	<u>14,006,375</u>
Change in net assets	27,258,138	2,514,025	503,974	<b>30,276,137</b>	19,802,703
Net assets at beginning of year	284,521,980	20,704,151	12,229,426	<b>317,455,557</b>	297,652,854
Net assets at end of year	<u>\$311,780,118</u>	<u>\$23,218,176</u>	<u>\$12,733,400</u>	<b><u>\$347,731,694</u></b>	<u>\$317,455,557</u>

**Billy Graham Evangelistic Association  
and Consolidated Organizations**

**Consolidated Statement of Cash Flows  
For the Year Ended December 31, 2017 with Comparative Totals for 2016**

	<u>2017</u>	<u>2016</u>
<b>Operating activities</b>		
Change in net assets	\$ 30,276,137	\$ 19,802,703
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization expense	5,602,632	6,010,437
Realized gains on sale of investments	(1,773,876)	(193,426)
Unrealized gains on investments	(18,406,923)	(7,054,602)
Change in value of annuities and trusts	(4,966,029)	(2,297,693)
Gift portion of new annuities and trusts	(819,551)	(592,039)
Donations of real estate and mortgage deeds receivable	(534,635)	(207,068)
Donations of beneficial interest in remainder trust	150,160	(181,936)
Contributions restricted for endowment	(460,957)	(179,520)
Net losses on sale of fixed assets and donated real estate	8,540	214,292
Changes in operating assets and liabilities:		
(Increase) decrease in receivables, net of allowances	4,185,729	(2,555,607)
Increase in inventories, prepaid expenses and other current assets	(408,070)	(10,326)
Increase (decrease) in accounts payable, accrued expenses, and deferred revenue	(1,679,391)	3,061,957
Net cash from operating activities	<u>11,173,766</u>	<u>15,817,172</u>
<b>Investing activities</b>		
Purchases of investments	(19,422,428)	(17,398,772)
Proceeds from sales of investments	7,344,350	15,659,726
Purchases of fixed assets	(3,779,097)	(4,915,998)
Additions to other assets	(7,381)	-
Proceeds from the sale of fixed assets and donated real estate	663,535	135,728
Net cash from investing activities	<u>(15,201,021)</u>	<u>(6,519,316)</u>
<b>Financing activities</b>		
Contributions restricted for endowment	460,957	179,520
Investment income	1,693,728	1,682,343
Proceeds from beneficial interest in remainder trusts	13,327	13,333
Proceeds from deferred giving program contracts	2,360,370	3,582,890
Payments of deferred giving program contracts	(4,151,249)	(6,304,293)
Net cash from financing activities	<u>377,133</u>	<u>(846,207)</u>
Increase (decrease) in cash and cash equivalents	(3,650,122)	8,451,649
Cash and cash equivalents at beginning of year	<u>36,822,516</u>	<u>28,370,867</u>
Cash and cash equivalents at end of year	<u>\$ 33,172,394</u>	<u>\$ 36,822,516</u>



# **Billy Graham Evangelistic Association and Consolidated Organizations**

## **Notes to the Consolidated Financial Statements For the Year Ended December 31, 2017 with Comparative Totals for 2016**

### **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 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 what Jesus Christ has done 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 am sorry for my sins. Please forgive me. Help me turn from my sinful life. I believe by faith that Jesus is Your Son who died for my sins, and whom You have raised to life. I want to trust Jesus as my Savior and follow Him as my Lord from this day forward. Amen.”

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 Endowment Trust Fund; Billy Graham Library Endowment Trust Fund; Graham Fund for Evangelism; BGEA Pte. Ltd.; and Illusion Properties, S. A. In accordance with United States generally accepted accounting principles (“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.

# **Billy Graham Evangelistic Association and Consolidated Organizations**

## **Notes to the Consolidated Financial Statements For the Year Ended December 31, 2017 with Comparative Totals for 2016**

### **1. Significant Accounting Policies (continued)**

#### **Principles of Consolidation (continued)**

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 GAAP. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended December 31, 2016, 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, 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 \$39,238 at December 31, 2017 and \$10,020 at December 31, 2016.

#### **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 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.

#### **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 consolidated statement of financial position or as contributions on the consolidated statement of activities.

# **Billy Graham Evangelistic Association and Consolidated Organizations**

## **Notes to the Consolidated Financial Statements For the Year Ended December 31, 2017 with Comparative Totals for 2016**

### **1. Significant Accounting Policies (continued)**

#### **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 or losses are included in the change in unrestricted net assets unless the income or loss is restricted by the donor.

Investment income is recorded net of investment expenses. For the years ended December 31, 2017 and 2016, investment expenses were \$219,696 and \$220,605, 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, 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.

# Billy Graham Evangelistic Association and Consolidated Organizations

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2017 with Comparative Totals for 2016

### 1. Significant Accounting Policies (continued)

#### Deferred Giving Program (continued)

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 2.40% and 2.20% discount rate in 2017 and 2016, 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 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.

#### 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.

#### Allocation of Joint Costs

In 2017, 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 \$18,287,949 and \$18,275,132 of joint costs for 2017 and 2016, respectively. These joint costs are not specifically attributable to particular components of the activities and were allocated as follows:

	<u>2017</u>	<u>2016</u>
Ministry	\$ 15,893,514	\$ 16,003,549
Fundraising	1,606,282	1,451,461
General and administrative	788,153	820,122
	<u>\$ 18,287,949</u>	<u>\$ 18,275,132</u>

#### Advertising Costs

The Association expenses advertising costs as incurred. For the years ended December 31, 2017 and 2016, advertising costs totaling approximately \$5,122,000 and \$5,602,000, respectively, related primarily to television airtime to promote airing of evangelistic broadcasts, evangelistic crusades, internet evangelism, other ministry initiatives and related materials.

# **Billy Graham Evangelistic Association and Consolidated Organizations**

## **Notes to the Consolidated Financial Statements For the Year Ended December 31, 2017 with Comparative Totals for 2016**

### **1. Significant Accounting Policies (continued)**

#### **Net Asset Classifications**

The Association has presented its consolidated financial statements in accordance with GAAP for not-for-profit organization in which net asset classification are as follows:

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. From time to time, the Board of Directors may designate certain amounts to be utilized or invested to meet specific objectives of the Association.

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.

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.

#### **Donated Volunteer Services**

The Association received contributed services from approximately 20,000 individual volunteers in 2017 and 18,360 individuals in 2016. The Association recorded the value of approximately 35 and 28 of those volunteers for the years ended December 31, 2017 and 2016, respectively. The value of contributed services recorded by the Association amounted to approximately \$26,000 in 2017 and \$23,000 in 2016. 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 19,965 volunteers in 2017 and 18,332 in 2016 performed services which are not reflected in the consolidated financial statements as the services did not require specialized skills as specified by GAAP pertaining to Accounting for Contributions Received and Contributions Made. These services are estimated to be valued at \$3,281,000 in 2017 and \$2,409,000 in 2016.

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

#### **Revenue Recognition**

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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

# **Billy Graham Evangelistic Association and Consolidated Organizations**

## **Notes to the Consolidated Financial Statements For the Year Ended December 31, 2017 with Comparative Totals for 2016**

### **1. Significant Accounting Policies (continued)**

#### **Revenue Recognition (continued)**

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.

Other revenue is reported in the year when substantially earned.

#### **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. 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 has determined that the Association qualifies for tax-exempt status under Internal Revenue Code 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 Internal Revenue Code Section 6033.

#### **Use of Estimates**

The preparation of consolidated financial statements in conformity with 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.

#### **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. The reclassifications were for preferential treatment of certain expenses and had no effect on any major statement of activities classification.

## Billy Graham Evangelistic Association and Consolidated Organizations

### Notes to the Consolidated Financial Statements For the Year Ended December 31, 2017 with Comparative Totals for 2016

#### 2. Pledges and Contributions Receivable

Pledges and contributions receivable consists of the following as of December 31:

	2017	2016
Unconditional promises to give	\$ 1,237,000	\$ 4,926,234
Less discount and allowance for uncollectible pledges	4,290	6,198
Net pledges and other contributions receivable	\$ 1,232,710	\$ 4,920,036
Amounts due in:		
Less than one year	\$ 995,000	\$ 4,851,234
One to five years	227,000	50,000
Over five years	15,000	25,000
	\$ 1,237,000	\$ 4,926,234

Approximately \$1,200,000 and \$4,800,000 of the net pledges and contributions receivable relate to bequests as of December 31, 2017 and 2016, respectively.

#### 3. Property and Equipment

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

	2017	2016
Land and improvements	\$ 16,983,101	\$ 16,783,286
Buildings and improvements:		
Billy Graham Training Center	34,146,858	33,721,650
Billy Graham Library	17,956,324	17,908,059
Headquarters and other	37,496,731	37,525,466
Equipment, furniture, and fixtures	49,498,288	48,992,125
Total	156,081,302	154,930,586
Less accumulated depreciation	104,368,113	99,972,899
	51,713,189	54,957,687
Construction in progress	3,842,937	2,446,248
Net property and equipment	\$ 55,556,126	\$ 57,403,935

Depreciation expense for the years ended December 31, 2017 and 2016, was approximately \$5,603,000 and \$6,010,000, 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 2017 or 2016.

**Billy Graham Evangelistic Association  
and Consolidated Organizations**

**Notes to the Consolidated Financial Statements  
For the Year Ended December 31, 2017 with Comparative Totals for 2016**

**4. Investments**

Investments are composed of the following:

	<u>2017</u>	<u>2016</u>
Equities	\$ 174,166,967	\$ 145,546,092
Fixed income and credit	108,881,233	105,761,660
Cash	11,090,630	11,097,030
Certificates of deposit	9,500,000	500,000
Alternative	2,688,503	1,926,777
Other	16,707,744	19,418,406
Total investments	<u>\$ 323,035,077</u>	<u>\$ 284,249,965</u>

**5. Deferred Giving Program**

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

	<u>2017</u>		<u>2016</u>	
	<u>Assets</u>	<u>Liability</u>	<u>Assets</u>	<u>Liability</u>
Gift annuity fund	\$ 60,803,123	\$ 42,952,911	\$ 58,056,391	\$ 45,049,268
Irrevocable trusts	14,789,623	9,766,486	13,321,328	8,982,617
Life estates	2,544,485	405,614	2,544,485	399,405
	<u>78,137,231</u>	<u>53,125,011</u>	<u>73,922,204</u>	<u>54,431,290</u>
Revocable trusts	14,741,368	14,741,368	12,678,419	12,678,419
Total	<u>\$ 92,878,599</u>	<u>\$ 67,866,379</u>	<u>\$ 86,600,623</u>	<u>\$ 67,109,709</u>

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

	<u>2017</u>	<u>2016</u>
Dividend Income	\$ 549,550	\$ 552,052
Interest Income	1,032,396	1,114,515
Change in Accrued Interest	23,280	(5,737)
Realized Gains	684,249	1,076,864
Unrealized Gains	4,023,629	848,597
Other Expenses	(134,627)	(130,718)
Change in liability	(697,123)	1,449,209
Trust payments to beneficiaries and fees	(621,770)	(2,735,905)
Rental Income	106,445	128,816
	<u>\$ 4,966,029</u>	<u>\$ 2,297,693</u>



## Billy Graham Evangelistic Association and Consolidated Organizations

### Notes to the Consolidated Financial Statements For the Year Ended December 31, 2017 with Comparative Totals for 2016

#### 6. Fair Value Measurements of Assets and Liabilities

The Association follows the provisions of 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, 2017, based on the level of input utilized to measure fair value:

#### Measurement at fair value on a recurring basis:

Description	Fair Value Measurement at 12/31/17 Using:			
	Level 1	Level 2	Level 3	Total
Equities:				
Mutual funds	\$ 173,363,065	\$ -	\$ -	\$ 173,363,065
Common and foreign stock	803,902	-	-	803,902
Fixed income and credit:				
U.S. Government	18,745,522	-	-	18,745,522
Corporate	-	19,866,633	-	19,866,633
Government mortgage backed securities	-	12,276,584	-	12,276,584
Bond funds	57,992,494	-	-	57,992,494
Other:				
Cash & cash equivalents	20,590,630	-	-	20,590,630
Other	-	324,860	-	324,860
	<u>\$ 271,495,613</u>	<u>\$ 32,468,077</u>	<u>\$ -</u>	<u>303,963,690</u>
Alternative investments				2,688,503
Total investments - recurring basis				<u>\$ 306,652,193</u>
Deferred giving liabilities	<u>\$ 4,242,032</u>	<u>\$ 57,647,963</u>	<u>\$ -</u>	<u>\$ 61,889,995</u>

# Billy Graham Evangelistic Association and Consolidated Organizations

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2017 with Comparative Totals for 2016

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

<sup>(1)</sup> 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 statement of financial position.

#### Measurement at fair value on a non-recurring basis:

Description	Fair Value Measurement at 12/31/17 Using:			
	Level 1	Level 2	Level 3	TOTAL
Investments:				
Other - real estate	\$ -	\$ 15,962,914	\$ -	\$ 15,962,914
Other	-	-	419,970	419,970
Total investments - non-recurring basis	<u>\$ -</u>	<u>\$ 15,962,914</u>	<u>\$ 419,970</u>	<u>\$ 16,382,884</u>
Deferred giving liabilities	<u>\$ -</u>	<u>\$ 5,976,384</u>	<u>\$ -</u>	<u>\$ 5,976,384</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. Management is not aware of any factors that would impact net asset value as of December 31, 2017.

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Private Investment Fund	\$2,688,503	\$594,000	Ineligible	None

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.

### 7. Endowment Funds

#### Board Designated Endowments

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 Endowment Trust Fund, the future ministries fund, and the Graham Fund for Evangelism.

# **Billy Graham Evangelistic Association and Consolidated Organizations**

## **Notes to the Consolidated Financial Statements For the Year Ended December 31, 2017 with Comparative Totals for 2016**

### **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 2017, over 144,000 people visited the Billy Graham Library having the opportunity to hear the Gospel message with nearly 2,000 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 \$187,587 and \$157,626 for 2017 and 2016, respectively. During 2016, \$1,000,000 was transferred from the general fund to the Billy Graham Library Endowment Fund.

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 of approximately \$605,000 and \$3,670,000 were transferred to support the ministry of The Cove for 2017 and 2016, 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 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 2017 or 2016 in order to preserve principal. During 2016, \$1,000,000 was transferred from the general fund to the future ministries fund.

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 2017 and 2016, 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 an interest bearing account.

## Billy Graham Evangelistic Association and Consolidated Organizations

### Notes to the Consolidated Financial Statements For the Year Ended December 31, 2017 with Comparative Totals for 2016

#### 7. Endowment Funds (continued)

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 2017 or 2016 in order to preserve principal.

#### Donor Restricted Endowments

At December 31, 2017, 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 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 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.

#### **Endowment net asset composition by type of fund as of December 31, 2017:**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board-designated endowment funds	\$ 192,402,865	\$ -	\$ -	\$ 192,402,865
Donor-restricted endowment funds	-	4,838,735	12,290,764	17,129,499
Total funds	<u>\$ 192,402,865</u>	<u>\$ 4,838,735</u>	<u>\$ 12,290,764</u>	<u>\$ 209,532,364</u>

#### **Endowment net assets are comprised of the following funds as of December 31, 2017:**

	<u>2017</u>	<u>2016</u>
Billy Graham Library Endowment Trust Fund	\$ 117,164,078	\$ 100,084,428
Cove Endowment Trust Fund	75,187,524	64,694,216
Future ministries fund	10,302,917	10,265,470
Graham Fund for Evangelism	32,745	33,077
Blue Ridge Broadcasting	1,324,423	1,297,968
Other endowment funds	5,520,677	4,816,504
	<u>\$ 209,532,364</u>	<u>\$ 181,191,663</u>

**Billy Graham Evangelistic Association  
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**Notes to the Consolidated Financial Statements  
For the Year Ended December 31, 2017 with Comparative Totals for 2016**

**7. Endowment Funds (continued)**

**Changes in endowment net assets for the fiscal year ended December 31, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 166,713,045	\$ 2,676,311	\$ 11,802,307	\$ 181,191,663
Investment return:				
Investment income	3,529,876	334,042	-	3,863,918
Realized and unrealized gains	22,821,365	2,169,209	-	24,990,574
Total investment return	<u>26,351,241</u>	<u>2,503,251</u>	<u>-</u>	<u>28,854,492</u>
Contributions	-	-	460,957	460,957
Other nonoperating				
Other income (loss)	33,807	(19,600)	-	14,207
Amounts appropriated for expenditure	(113,668)	(321,227)	-	(434,895)
Transfers to:	18,440	-	27,500	45,940
Transfers from:	<u>(600,000)</u>	<u>-</u>	<u>-</u>	<u>(600,000)</u>
Endowment net assets, end of year	<u>\$ 192,402,865</u>	<u>\$ 4,838,735</u>	<u>\$ 12,290,764</u>	<u>\$ 209,532,364</u>

**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:

	<u>2017</u>	<u>2016</u>
Billy Graham Library Endowment Trust Fund	\$ 105,844,829	\$ 90,658,693
Cove Endowment Trust Fund	74,897,951	64,457,837
Future ministries fund	10,302,917	10,265,470
Graham Fund for Evangelism	32,745	33,077
Blue Ridge Broadcasting	1,324,423	1,297,968
	<u>\$ 192,402,865</u>	<u>\$ 166,713,045</u>

**Billy Graham Evangelistic Association  
and Consolidated Organizations**

**Notes to the Consolidated Financial Statements  
For the Year Ended December 31, 2017 with Comparative Totals for 2016**

**8. Composition of Board Designated and Restricted Net Assets**

**Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes:

	<u>2017</u>	<u>2016</u>
Donor-restricted contributions	\$ 9,099,860	\$ 9,247,472
Beneficial interest in remainder trusts	2,560,210	2,723,697
Irrevocable trusts	4,839,432	4,174,137
Life estates	1,879,939	1,882,534
Term endowment fund	733,061	649,986
Portion of perpetual endowment funds subject to a time restriction under UPMIFA		
Without purpose restriction	1,955,861	951,164
With purpose restriction	2,149,813	1,075,161
	<u>\$ 23,218,176</u>	<u>\$ 20,704,151</u>

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

**Permanently Restricted Net Assets**

Permanently restricted net assets are held as follows:

	<u>2017</u>	<u>2016</u>
Billy Graham Library Endowment Trust Fund	\$ 8,269,008	\$ 7,798,425
Other endowment fund	3,812,933	3,812,933
Life estates	258,933	262,546
Irrevocable trusts	183,704	164,573
Cove Endowment Trust Fund	208,822	190,949
	<u>\$ 12,733,400</u>	<u>\$ 12,229,426</u>

**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.

# **Billy Graham Evangelistic Association and Consolidated Organizations**

## **Notes to the Consolidated Financial Statements For the Year Ended December 31, 2017 with Comparative Totals for 2016**

### **9. Other Assets (continued)**

During 2012, Blue Ridge Broadcasting obtained an indefinite-lived Federal Communications Commission (FCC) broadcast license through the purchase of a radio station. This intangible asset is tested annually for impairment. At December 31, 2016, the Association determined that the carrying value of the intangible asset exceeded the fair value based on changes in market conditions resulting in an impairment loss of \$225,000. There were no impairments in 2017. This intangible asset is valued at \$1,200,000 as of December 31, 2017 and 2016.

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 based upon the present value of estimated future cash payments in accordance with GAAP. The intangible asset is valued at \$480,000 and \$472,619 as of December 31, 2017 and 2016, respectively.

### **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 approved for 2017 and 2016. The Association recorded expense of \$2,376,247 and \$2,283,651 for the years ended December 31, 2017 and 2016, respectively.

In addition, the Association has deferred compensation plans. Deferred compensation expense of \$34,237 and \$32,299 was incurred in 2017 and 2016, respectively. Deferred compensation liabilities of \$286,852 and \$252,615 existed at December 31, 2017, and 2016, 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 2017 and 2016. At December 31, 2017 and 2016, the estimated liability for these claims approximated \$875,000 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.

**Billy Graham Evangelistic Association  
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**Notes to the Consolidated Financial Statements  
For the Year Ended December 31, 2017 with Comparative Totals for 2016**

**13. Schedules of Functional Expenses**

	For the year ended December 31, 2017			
	Ministry Expenses	Fundraising	General and Administrative	Total
Grants and scholarships	\$ 1,089,884	\$ -	\$ -	\$ 1,089,884
Salaries and wages	28,320,190	2,639,893	5,389,032	36,349,115
Employee benefits	8,254,449	724,467	1,487,858	10,466,774
Other personnel costs	1,723,163	170,371	353,714	2,247,248
Legal and professional services	3,148,003	107,099	803,610	4,058,712
Contract labor	6,188,474	65,927	47,474	6,301,875
Supplies	874,446	61,816	99,900	1,036,162
Telecommunications	803,738	55,221	105,392	964,351
Postage and mailing	3,842,567	614,176	189,395	4,646,138
Building and equipment	3,859,745	132,918	567,080	4,559,743
Printing	1,888,510	314,997	91,582	2,295,089
Travel	8,854,424	510,985	259,091	9,624,500
Program ministry and events	15,071,173	462,234	210,846	15,744,253
Broadcasting and production	1,119,720	54,315	24,530	1,198,565
Nonoperating and depreciation	5,764,395	234,737	631,386	6,630,518
Total expenses	\$ 90,802,881	\$ 6,149,156	\$ 10,260,890	\$ 107,212,927

	For the year ended December 31, 2016			
	Ministry Expenses	Fundraising	General and Administrative	Total
Grants and scholarships	\$ 1,342,115	\$ -	\$ -	\$ 1,342,115
Salaries and wages	26,483,405	2,548,500	4,628,136	33,660,041
Employee benefits	6,912,110	714,924	1,418,551	9,045,585
Other personnel costs	1,655,240	163,838	318,395	2,137,473
Legal and professional services	2,294,515	86,515	704,354	3,085,384
Contract labor	5,901,933	184,688	71,614	6,158,235
Supplies	1,027,433	61,149	127,380	1,215,962
Telecommunications	826,860	62,936	103,591	993,387
Postage and mailing	4,196,759	636,114	198,608	5,031,481
Building and equipment	3,835,228	135,317	605,967	4,576,512
Printing	2,805,439	407,347	89,792	3,302,578
Travel	7,305,930	726,991	202,494	8,235,415
Program ministry and events	12,895,388	912,308	159,537	13,967,233
Broadcasting and production	1,087,243	44,495	24,746	1,156,484
Nonoperating and depreciation	6,056,446	251,631	589,639	6,897,716
Total expenses	\$ 84,626,044	\$ 6,936,753	\$ 9,242,804	\$ 100,805,601



# **Billy Graham Evangelistic Association and Consolidated Organizations**

## **Notes to the Consolidated Financial Statements For the Year Ended December 31, 2017 with Comparative Totals for 2016**

### **14. 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, 2017 and 2016, the International Affiliates reimbursed the Association \$835,586 and \$103,458, respectively, for various ministry projects. The Association transferred funds to the International Affiliates totaling \$1,185,698 in 2017 and \$854,143 in 2016 for various ministry projects and support. As of December 31, 2017 and 2016, the Association had accounts receivable totaling \$24,042 and \$10,227, respectively, from the International Affiliates. As of December 31, 2017, the Association had accounts payable to the International Affiliates totaling \$180,849.

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 \$4,360,424 in 2017 and \$1,751,517 in 2016, while Samaritan’s Purse paid cash to the Association totaling \$2,500,865 in 2017 and \$1,235,272 in 2016 related to these activities. The Association made in-kind contributions to Samaritan’s Purse valued at \$23,278 in 2016. The Association received from Samaritan’s Purse in-kind contributions valued at \$563,402 in 2017 and \$952,984 in 2016.

Following is unaudited summary financial information as of December 31, 2017, for Samaritan’s Purse, which is controlled by an independent board of directors: total assets, \$678,210,329; total liabilities, \$50,726,034; total net assets, \$627,484,295; total revenues, \$800,823,590; and total expenses, \$610,920,113.

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 2017 and 2016 were given to Wheaton College, contributions of \$100,000 in 2017 and \$50,000 in 2016 were given to Montreat College, and contributions of \$250,000 in 2016 were given to the National Day of Prayer Task Force. The Association shares several common board members with these institutions but does not control the board of directors of these organizations. Contributions of \$25,000 in 2017 and 2016 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 2017 and 2016 to Ruth Graham and Friends. The founder and Chairman of Ruth Graham and Friends is the sister of the Chief Executive Officer.

# **Billy Graham Evangelistic Association and Consolidated Organizations**

## **Notes to the Consolidated Financial Statements For the Year Ended December 31, 2017 with Comparative Totals for 2016**

### **14. Related Party Transactions (continued)**

The Association entered into a purchase agreement with Dr. Graham, Board Chairman Emeritus, to explicitly assign certain intellectual property rights to the Association (see Note 9). The transaction was reviewed in accordance with the Association's 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 commenced in 2015 and will continue for the duration of his life.

### **15. Subsequent Events**

On February 21, 2018, Dr. Graham went to be with his Lord and Savior, Jesus Christ.

The Association has evaluated subsequent events through March 26, 2018, in connection with the preparation of these consolidated financial statements which is the date the consolidated financial statements were available to be issued.