

2014 ANNUAL REPORT GEORGIA BAPTIST CONVENTION

Ingleside Baptist Church | Macon
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Psalm 85:6 Will You not revive us again
so that Your people may rejoice in You?



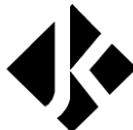
revive2014
Georgia Baptist
Convention annual meeting

AUDITS

**GEORGIA BAPTIST FOUNDATION AND
ENDOWMENT COMMITTEE**



**GEORGIA BAPTIST FOUNDATION, INC.
DULUTH, GEORGIA
REPORT ON AUDITS OF
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2014 AND 2013**



Jones and Kolb
Certified Public Accountants
Atlanta, Georgia

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Georgia Baptist Foundation, Inc.
Duluth, Georgia

We have audited the accompanying financial statements of Georgia Baptist Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

The Foundation's management is responsible for the preparation and fair presentation of these 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 financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the 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 Foundation'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 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 financial statements referred to above present fairly, in all material respects, the financial position of Georgia Baptist Foundation, Inc. as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 21-25 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Jones and Kelly

September 11, 2014

GEORGIA BAPTIST FOUNDATION, INC.

Statements of Financial Position

June 30, 2014

(with comparative totals for 2013)

| | 2014 | | | 2013 |
|--|-------------------|---|--------------|--------------|
| Assets | Operations | Endowment and assets held for others | Total | Total |
| Cash and cash equivalents | \$ 2,093,407 | 10,869,666 | 12,963,073 | 13,836,084 |
| Accrued income receivable | 21,550 | 1,617,099 | 1,638,649 | 1,402,997 |
| Trust funds receivable | - | 926,504 | 926,504 | 1,763,190 |
| Investment securities (Note 3) | - | 365,591,725 | 365,591,725 | 327,165,151 |
| Notes receivable | - | 1,832,700 | 1,832,700 | 1,832,700 |
| Other assets | 444,778 | 272,989 | 717,767 | 692,338 |
| Furniture and equipment, net (Note 7) | 75,513 | - | 75,513 | 40,747 |
| Total assets | \$ 2,635,248 | 381,110,683 | 383,745,931 | 346,733,207 |
| Liabilities and Net Assets | | | | |
| Liabilities: | | | | |
| Accounts payable and accruals | \$ 56,458 | 525,840 | 582,298 | 519,538 |
| Accrued postretirement benefit obligation (Note 9) | 1,961,689 | - | 1,961,689 | 1,917,706 |
| Annuities payable (Note 10) | - | 7,228,864 | 7,228,864 | 6,713,319 |
| Assets held for others (Note 11) | - | 353,412,266 | 353,412,266 | 319,134,742 |
| Total liabilities | 2,018,147 | 361,166,970 | 363,185,117 | 328,285,305 |
| Net assets: | | | | |
| Unrestricted | 617,101 | 2,452,203 | 3,069,304 | 2,365,623 |
| Temporarily restricted (Note 12) | - | 4,576,648 | 4,576,648 | 3,218,697 |
| Permanently restricted (Note 12) | - | 12,914,862 | 12,914,862 | 12,863,582 |
| Total net assets | 617,101 | 19,943,713 | 20,560,814 | 18,447,902 |
| Commitments (Note 6) | - | - | - | - |
| Total liabilities and net assets | \$ 2,635,248 | 381,110,683 | 383,745,931 | 346,733,207 |

GEORGIA BAPTIST FOUNDATION, INC.

Statements of Financial Position

June 30, 2013

(with comparative totals for 2012)

| Assets | 2013 | | | 2012 |
|--|--------------|--|-------------|-------------|
| | Operations | Endowment and assets held for others | Total | Total |
| Cash and cash equivalents | \$ 1,671,535 | 12,164,549 | 13,836,084 | 12,005,569 |
| Accrued income receivable | 25,463 | 1,377,534 | 1,402,997 | 1,242,162 |
| Trust funds receivable | - | 1,763,190 | 1,763,190 | 657,165 |
| Investment securities (Note 3) | - | 327,165,151 | 327,165,151 | 241,572,408 |
| Notes receivable | - | 1,832,700 | 1,832,700 | 1,832,700 |
| Other assets | 428,828 | 263,510 | 692,338 | 667,534 |
| Furniture and equipment, net (Note 7) | 40,747 | - | 40,747 | 55,459 |
| Total assets | \$ 2,166,573 | 344,566,634 | 346,733,207 | 258,032,997 |
| Liabilities and Net Assets | | | | |
| Liabilities: | | | | |
| Accounts payable and accruals | \$ 51,082 | 468,456 | 519,538 | 410,237 |
| Accrued postretirement benefit obligation (Note 9) | 1,917,706 | - | 1,917,706 | 1,904,038 |
| Annuities payable (Note 10) | - | 6,713,319 | 6,713,319 | 6,835,230 |
| Assets held for others (Note 11) | - | 319,134,742 | 319,134,742 | 231,836,314 |
| Total liabilities | 1,968,788 | 326,316,517 | 328,285,305 | 240,985,819 |
| Net assets: | | | | |
| Unrestricted | 197,785 | 2,167,838 | 2,365,623 | 1,563,339 |
| Temporarily restricted (Note 12) | - | 3,218,697 | 3,218,697 | 2,666,577 |
| Permanently restricted (Note 12) | - | 12,863,582 | 12,863,582 | 12,817,262 |
| Total net assets | 197,785 | 18,250,117 | 18,447,902 | 17,047,178 |
| Commitments (Note 6) | - | - | - | - |
| Total liabilities and net assets | \$ 2,166,573 | 344,566,634 | 346,733,207 | 258,032,997 |

GEORGIA BAPTIST FOUNDATION, INC.

Statement of Activities

Year ended June 30, 2014

| | <u>Unrestricted</u> | <u>Temporarily restricted</u> | <u>Permanently restricted</u> | <u>Net asset total</u> | <u>Assets held for others</u> | <u>Memorandum total</u> |
|---|---------------------|-----------------------------------|-----------------------------------|----------------------------|-----------------------------------|-----------------------------|
| Endowment and assets held for others activity: | | | | | | |
| Investment earnings and net assets released from restrictions: | | | | | | |
| Interest | \$ 52,357 | 178,007 | 1,972 | 232,336 | 4,160,650 | 4,392,986 |
| Dividends | 9,365 | 153,011 | 1,642 | 164,018 | 3,476,542 | 3,640,560 |
| Net realized and unrealized gains | 635,441 | 1,484,823 | 4,702 | 2,124,966 | 38,399,303 | 40,524,269 |
| Change in value of split-interest agreements | 19,738 | - | - | 19,738 | 800,312 | 820,050 |
| Net assets released from temporary restrictions | <u>465,339</u> | <u>(465,339)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total investment earnings and net assets released from restrictions | <u>1,182,240</u> | <u>1,350,502</u> | <u>8,316</u> | <u>2,541,058</u> | <u>46,836,807</u> | <u>49,377,865</u> |
| Expenses allocated to investment income: | | | | | | |
| Expenses of trust administration | 94,680 | - | - | 94,680 | 1,635,163 | 1,729,843 |
| Georgia Baptist Foundation, Inc. trust administration fee | <u>78,506</u> | <u>-</u> | <u>-</u> | <u>78,506</u> | <u>1,670,454</u> | <u>1,748,960</u> |
| Total expenses allocated to investment income | <u>173,186</u> | <u>-</u> | <u>-</u> | <u>173,186</u> | <u>3,305,617</u> | <u>3,478,803</u> |
| Net increase in endowment and assets held for others from investment activity | <u>1,009,054</u> | <u>1,350,502</u> | <u>8,316</u> | <u>2,367,872</u> | <u>43,531,190</u> | <u>45,899,062</u> |
| Endowment and assets held for others distributions and reductions: | | | | | | |
| Distributions to trust beneficiaries and affiliates | 358,461 | - | - | 358,461 | 8,854,700 | 9,213,161 |
| Distributions of income to operations | 371,864 | - | - | 371,864 | - | 371,864 |
| Withdrawal of funds under administration | - | - | - | - | 7,897,756 | 7,897,756 |
| Total distributions and reductions | <u>730,325</u> | <u>-</u> | <u>-</u> | <u>730,325</u> | <u>16,752,456</u> | <u>17,482,781</u> |
| Endowment and assets held for others additions: | | | | | | |
| Endowment gifts | 5,637 | 7,449 | 42,964 | 56,050 | - | 56,050 |
| Funds received for investment administration | - | - | - | - | 7,498,790 | 7,498,790 |
| Total additions | <u>5,637</u> | <u>7,449</u> | <u>42,964</u> | <u>56,050</u> | <u>7,498,790</u> | <u>7,554,840</u> |
| Total change in endowment and assets held for others | <u>284,366</u> | <u>1,357,951</u> | <u>51,280</u> | <u>1,693,597</u> | <u>34,277,524</u> | <u>35,971,121</u> |
| Georgia Baptist Foundation, Inc. operating activity: | | | | | | |
| Income: | | | | | | |
| Gifts and other income | 28,066 | - | - | 28,066 | - | 28,066 |
| Income transferred to operations from endowment trusts | 371,864 | - | - | 371,864 | - | 371,864 |
| Trust administration fees (Note 4) | 1,804,355 | - | - | 1,804,355 | - | 1,804,355 |
| Support (Note 8) | 100,168 | - | - | 100,168 | - | 100,168 |
| Total operating income | <u>2,304,453</u> | <u>-</u> | <u>-</u> | <u>2,304,453</u> | <u>-</u> | <u>2,304,453</u> |
| Expenses: | | | | | | |
| Administration | 1,885,138 | - | - | 1,885,138 | - | 1,885,138 |
| Change in net assets from Foundation operations | <u>419,315</u> | <u>-</u> | <u>-</u> | <u>419,315</u> | <u>-</u> | <u>419,315</u> |
| Change in net assets and assets held for others | <u>703,681</u> | <u>1,357,951</u> | <u>51,280</u> | <u>2,112,912</u> | <u>34,277,524</u> | <u>36,390,436</u> |
| Net assets at beginning of year | <u>2,365,623</u> | <u>3,218,697</u> | <u>12,863,582</u> | <u>18,447,902</u> | | |
| Net assets at end of year | \$ <u>3,069,304</u> | <u>4,576,648</u> | <u>12,914,862</u> | <u>20,560,814</u> | | |

GEORGIA BAPTIST FOUNDATION, INC.

Statement of Activities

Year ended June 30, 2013

| | <u>Unrestricted</u> | <u>Temporarily restricted</u> | <u>Permanently restricted</u> | <u>Net asset total</u> | <u>Assets held for others</u> | <u>Memorandum total</u> |
|---|---------------------|-----------------------------------|-----------------------------------|----------------------------|-----------------------------------|-----------------------------|
| Endowment and assets held for others activity: | | | | | | |
| Investment earnings and net assets released from restrictions: | | | | | | |
| Interest | \$ 121,235 | 145,212 | 1,356 | 267,803 | 3,795,436 | 4,063,239 |
| Dividends | 55,862 | 110,660 | 1,002 | 167,524 | 2,929,389 | 3,096,913 |
| Net realized and unrealized gains | 654,074 | 791,627 | 1,552 | 1,447,253 | 21,565,416 | 23,012,669 |
| Change in value of split-interest agreements | 4,903 | - | - | 4,903 | 471,865 | 476,768 |
| Net assets released from temporary restrictions | <u>502,860</u> | <u>(502,860)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total investment earnings and net assets released from restrictions | <u>1,338,934</u> | <u>544,639</u> | <u>3,910</u> | <u>1,887,483</u> | <u>28,762,106</u> | <u>30,649,589</u> |
| Expenses allocated to investment income: | | | | | | |
| Expenses of trust administration | 89,081 | - | - | 89,081 | 1,261,552 | 1,350,633 |
| Georgia Baptist Foundation, Inc. trust administration fee | <u>76,537</u> | <u>-</u> | <u>-</u> | <u>76,537</u> | <u>1,441,517</u> | <u>1,518,054</u> |
| Total expenses allocated to investment income | <u>165,618</u> | <u>-</u> | <u>-</u> | <u>165,618</u> | <u>2,703,069</u> | <u>2,868,687</u> |
| Net increase in endowment and assets held for others from investment activity | <u>1,173,316</u> | <u>544,639</u> | <u>3,910</u> | <u>1,721,865</u> | <u>26,059,037</u> | <u>27,780,902</u> |
| Endowment and assets held for others distributions and reductions: | | | | | | |
| Distributions to trust beneficiaries and affiliates | 402,082 | - | - | 402,082 | 8,296,701 | 8,698,783 |
| Distributions of income to operations | 356,420 | - | - | 356,420 | - | 356,420 |
| Withdrawal of funds under administration | - | - | - | - | 6,040,964 | 6,040,964 |
| Total distributions and reductions | <u>758,502</u> | <u>-</u> | <u>-</u> | <u>758,502</u> | <u>14,337,665</u> | <u>15,096,167</u> |
| Endowment and assets held for others additions: | | | | | | |
| Endowment gifts | 1,597 | 7,481 | 42,410 | 51,488 | - | 51,488 |
| Funds received for investment administration | - | - | - | - | 75,577,056 | 75,577,056 |
| Total additions | <u>1,597</u> | <u>7,481</u> | <u>42,410</u> | <u>51,488</u> | <u>75,577,056</u> | <u>75,628,544</u> |
| Total change in endowment and assets held for others | <u>416,411</u> | <u>552,120</u> | <u>46,320</u> | <u>1,014,851</u> | <u>87,298,428</u> | <u>88,313,279</u> |
| Georgia Baptist Foundation, Inc. operating activity: | | | | | | |
| Income: | | | | | | |
| Gifts and other income | 43,323 | - | - | 43,323 | - | 43,323 |
| Income transferred to operations from endowment trusts | 356,420 | - | - | 356,420 | - | 356,420 |
| Trust administration fees (Note 4) | 1,568,254 | - | - | 1,568,254 | - | 1,568,254 |
| Support (Note 8) | 91,434 | - | - | 91,434 | - | 91,434 |
| Total operating income | <u>2,059,431</u> | <u>-</u> | <u>-</u> | <u>2,059,431</u> | <u>-</u> | <u>2,059,431</u> |
| Expenses: | | | | | | |
| Administration | 1,673,558 | - | - | 1,673,558 | - | 1,673,558 |
| Change in net assets from Foundation operations | <u>385,873</u> | <u>-</u> | <u>-</u> | <u>385,873</u> | <u>-</u> | <u>385,873</u> |
| Change in net assets and assets held for others | <u>802,284</u> | <u>552,120</u> | <u>46,320</u> | <u>1,400,724</u> | <u>87,298,428</u> | <u>88,699,152</u> |
| Net assets at beginning of year | <u>1,563,339</u> | <u>2,666,577</u> | <u>12,817,262</u> | <u>17,047,178</u> | | |
| Net assets at end of year | <u>\$ 2,365,623</u> | <u>3,218,697</u> | <u>12,863,582</u> | <u>18,447,902</u> | | |

GEORGIA BAPTIST FOUNDATION, INC.

Statements of Cash Flows

Years ended June 30, 2014 and 2013

| | 2014 | 2013 |
|--|---------------|---------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 2,112,912 | 1,400,724 |
| Adjustments to reconcile change in net assets to net cash and cash equivalents (used in) provided by operating activities: | | |
| Depreciation | 27,728 | 16,966 |
| Securities delivered to Foundation from prior custodian | - | (49,775,617) |
| (Loss)/gain on disposal of fixed assets | (1,103) | 801 |
| Net realized and unrealized gains on investment securities | (40,524,269) | (23,012,669) |
| Gifts restricted for long-term investment | (42,964) | (42,410) |
| Investment earnings restricted for long-term investment | (8,316) | (3,910) |
| (Increase) in accrued income receivable | (235,652) | (160,835) |
| Decrease (increase) in trust funds receivable | 836,686 | (1,106,025) |
| (Increase) in other assets | (25,429) | (24,804) |
| Increase in accounts payable and accruals | 62,760 | 109,301 |
| Increase in accrued postretirement benefits | 43,983 | 13,668 |
| Increase (decrease) in annuities payable | 515,545 | (121,911) |
| Increase in assets held for others | 34,277,524 | 87,298,428 |
| Net cash and cash equivalents (used in) provided by operating activities | (2,960,595) | 14,591,707 |
| Cash flows from investing activities: | | |
| Purchase of investments | (96,420,068) | (235,991,301) |
| Proceeds from sale of investments | 98,517,763 | 223,186,843 |
| Purchase of furniture and equipment | (61,391) | (3,054) |
| Net cash and cash equivalents provided by (used in) investing activities | 2,036,304 | (12,807,512) |
| Cash flows from financing activities: | | |
| Proceeds from gifts restricted for long-term investment | 42,964 | 42,410 |
| Investment earnings restricted for long-term investment | 8,316 | 3,910 |
| Net cash and cash equivalents provided by financing activities | 51,280 | 46,320 |
| Net change in cash and cash equivalents | (873,011) | 1,830,515 |
| Cash and cash equivalents at beginning of year | 13,836,084 | 12,005,569 |
| Cash and cash equivalents at end of year | \$ 12,963,073 | 13,836,084 |

GEORGIA BAPTIST FOUNDATION, INC.

Notes to Financial Statements
For the Years Ended June 30, 2014 and 2013

(1) Organization

Georgia Baptist Foundation, Inc. (the "Foundation") is a religious, not-for-profit corporation, which was chartered in 1941 to serve as the independent trust agency of the Georgia Baptist Convention. Its purpose is to manage and distribute earnings of endowment and other funds for the benefit of Georgia Baptist Convention and Southern Baptist Convention agencies, institutions, and causes, as directed by the related trust documents.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying financial statements were prepared on the accrual basis of accounting.

Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified as unrestricted, temporarily restricted, and permanently restricted.

Unrestricted net assets include amounts that are not subject to donor-imposed stipulations that are used to account for resources available to carry out the purposes of the Foundation. The principal sources of unrestricted funds are contributions, trust administration fees and investment income.

Temporarily restricted net assets are those resources currently available for use, but expendable only for purposes specified by the donor or grantor. Such resources originate from gifts and investment income restricted for specific purposes. When a donor or grantor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from temporary restrictions.

Permanently restricted net assets are assets donated with stipulations that the assets be invested to provide a permanent source of income. Such resources include gifts wherein donors stipulate that the corpus be held in perpetuity and only the income be made available for purposes designated by the donor.

Net assets of the Foundation do not reflect additions, income, distributions, or expenses related to assets held for others (refundable advances, trusts administered for others, and liability to resource providers). This activity for the years ended June 30, 2014 and 2013 is presented as memorandum information in the accompanying Statements of Activities.

(b) Cash and Cash Equivalents

Cash and cash equivalents include amounts held in common investment pools, individual trust accounts and demand deposit accounts. The Foundation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

(c) Accrued Income Receivable

Accrued income receivable is primarily accrued investment income and is stated at the amount owed to the Foundation.

GEORGIA BAPTIST FOUNDATION, INC.

Notes to Financial Statements
For the Years Ended June 30, 2014 and 2013

(d) Trust Funds Receivable

Trust funds receivable are primarily due from estates which have not been settled prior to the end of the fiscal year and are based upon estimates of amounts owed to the Foundation from these estates.

(e) Investment Securities

Investment securities are principally comprised of publicly traded equity and debt securities. Fair market value is based on the last sale price on the last business day of the year. Generally accepted accounting principles ("GAAP") require that investments in equity securities with readily determinable fair values and all investments in debt securities be reported at fair value with gains and losses included in the Statements of Activities.

Cash, investment securities and accrued income of approximately \$190,979,000 and \$243,528,000 were held in the common investment pools at June 30, 2014 and 2013, respectively. Participation in the common investment pools is restricted to institutional investments. The pools are managed by external investment managers following an investment policy established by the Board of Trustees. The investment policy limits asset selection to a balanced portfolio of high quality, marketable equity and debt securities. Income earned on the pooled assets includes interest, dividends, and realized and unrealized gains and losses on investments.

Other investment portfolios holding cash and investment securities of approximately \$168,664,000 and \$79,426,000 at June 30, 2014 and 2013, respectively, are managed by the Foundation under agreements solely for charitable institutions and charitable remainder agreements with individuals. These portfolios follow the same investment policy as the common investment pools in terms of asset quality. The investment allocation and the funds distributed are determined by the agreement terms. All assets managed by the Foundation for charitable institutions and charitable remainder trusts and gift annuities are held in custody by external banks.

(f) Notes Receivable

Notes receivable are reported at the unpaid principal amount.

(g) Depreciation

Furniture and equipment are recorded at cost and are depreciated on a straight-line basis using the following estimated useful lives:

| | |
|-------------------------|------------|
| Furniture and equipment | 3-10 years |
| Automobiles | 5 years |
| Computer equipment | 3 years |

(h) Income Taxes

The Foundation is recognized as an organization exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code") and classified as a public charity under Sections 509(a)(1) and 170(b)(1)(A)(vi) of the Code whereby only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to Federal income tax. While the Foundation is subject to income taxes on any revenues unrelated to its exempt purpose, management believes that it does not have any unrelated business income. As a church-affiliated organization that is

GEORGIA BAPTIST FOUNDATION, INC.

Notes to Financial Statements
For the Years Ended June 30, 2014 and 2013

exclusively engaged in managing funds, described in Rev. Proc. 96-10, 1996-1 C.B. 577, the Foundation does not file income tax returns. Management believes that it does not have any uncertain tax positions that are material to the financial statements. The IRS has the right to examine the Foundation from its inception, but has never done so.

(i) Concentrations of Credit Risk

Financial instruments, which potentially subject the Foundation to concentrations of credit risk, consist principally of cash and cash equivalents, investment securities and notes receivable. Cash and cash equivalents include demand deposits totaling \$6,108,007 and \$5,593,502 at June 30, 2014 and 2013, respectively, at several high credit quality financial institutions. These deposits possess credit risk to the extent they exceed federally insured limits. The remainder of cash and cash equivalents consists primarily of money market funds, which have diversified portfolios and are not insured by the Federal Deposit Insurance Corporation.

The exposure to concentrations of credit risk relative to investment securities is limited due to the Foundation's investment objectives and policies, as adopted by its Board of Trustees. The investment policies prohibit the acquisition of certain securities and require, among other things, that securities be diversified and meet certain quality criteria.

(j) Fair Value of Financial Instruments

The carrying value of cash and cash equivalents, accrued income receivable, trust funds receivable, notes receivable, accounts payable and accruals, and annuities payable approximates fair value because of the terms and/or relative short maturity of those instruments.

(k) Use of Estimates

Management has made certain estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare the financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP"). Actual results could differ from those estimates.

(l) Subsequent Events

Subsequent events have been evaluated by management through September 11, 2014, the date these financial statements were available to be issued.

(3) Fair Value Measurements

GAAP established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted observable quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation methodology are quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, or inputs other than quoted prices that are observable for the asset or liability.

GEORGIA BAPTIST FOUNDATION, INC.

Notes to Financial Statements

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Level 3: Inputs to valuation methodology are unobservable for the asset or liability and are significant to the fair market value.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. As of June 30, 2014 and 2013, the only assets or liabilities that are measured at fair value on a recurring basis in periods subsequent to initial recognition are investment securities. Common stocks and U.S. treasuries are valued at the closing price reported on the active market on which the individual securities are traded. Fixed income and equity funds are valued at the daily closing price reported by the fund. These funds are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded. Corporate obligations, asset backed securities, U.S. agency obligations and sovereign government obligations are valued based on quoted prices for similar assets. The equity long/short fund is valued based on the Foundation's ownership percentage of the fund's partner's capital balance. All securities within the equity long/short fund are categorized as Level 1 investments. Investment withdrawals from the equity long/short fund can be made on the first business day of the month with a 30-day notice. There were no unfunded commitments to the equity long/short fund at June 30, 2014 and 2013. The following table presents by level, within the fair value hierarchy, the Foundation's investment securities at fair value, as of June 30, 2014 and 2013.

Fair Value Measurements at June 30, 2014 Using:

| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Total |
|----------------------------------|---|--|--------------------|
| Common stock | \$ 212,002,253 | - | 212,002,253 |
| Corporate obligations | - | 70,388,251 | 70,388,251 |
| Asset backed securities | - | 3,156,685 | 3,156,685 |
| US agency obligations | - | 1,165,846 | 1,165,846 |
| US Treasuries | 24,866,477 | - | 24,866,477 |
| Sovereign government obligations | - | 2,482,241 | 2,482,241 |
| Fixed income funds | 5,847,931 | - | 5,847,931 |
| Equity funds | 7,629,211 | - | 7,629,211 |
| Equity long/short fund | - | 38,052,830 | 38,052,830 |
| Total investments | \$ 250,345,872 | 115,245,853 | 365,591,725 |

GEORGIA BAPTIST FOUNDATION, INC.

Notes to Financial Statements
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Fair Value Measurements at June 30, 2013 Using:

| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Total |
|----------------------------------|---|--|--------------------|
| Common stock | \$ 190,334,304 | - | 190,334,304 |
| Corporate obligations | - | 60,693,131 | 60,693,131 |
| Asset backed securities | - | 5,198,639 | 5,198,639 |
| US agency obligations | - | 1,207,332 | 1,207,332 |
| US Treasuries | 23,598,410 | - | 23,598,410 |
| Sovereign government obligations | - | 1,251,242 | 1,251,242 |
| Fixed income funds | 5,451,849 | - | 5,451,849 |
| Equity funds | 7,648,522 | - | 7,648,522 |
| Equity long/short fund | - | 31,781,722 | 31,781,722 |
| Total investments | \$ <u>227,033,085</u> | <u>100,132,066</u> | <u>327,165,151</u> |

As of June 30, 2014, the Foundation's common investment pools held common stocks representing 157 individual companies representing 26 countries. No individual stock represented more than 1.41% of the total portfolio. The Foundation's common investment pools held fixed income investments representing 112 individual companies, municipalities, agencies of the U.S. government, and the Treasury of the U.S. The total number of issues held is 183. No individual issuer represented more than 22.97% (U.S. Treasuries) of the total portfolio. 100% of the portfolio is Bank Investment Grade (BBB- or better).

As of June 30, 2013, the Foundation's common investment pools held common stocks representing 179 individual companies representing 27 countries. No individual stock represented more than 2.34% of the total portfolio. The Foundation's common investment pools held fixed income investments representing 118 individual companies, municipalities, agencies of the U.S. government, and the Treasury of the U.S. The total number of issues held is 192. No individual issuer represented more than 24.62% (U.S. Treasuries) of the total portfolio. 100% of the portfolio is Bank Investment Grade (BBB or better).

(4) Trust Administration Fees

The Foundation charges a fee for administering the trusts. The fees are based on a percentage of the fair value of the trust assets and totaled \$1,804,355 and \$1,568,254 in 2014 and 2013, respectively.

(5) Retirement Plan

The Foundation participates in a defined contribution pension plan administered by GuideStone Financial Resources of the Southern Baptist Convention. Full-time employees and certain other individuals are eligible to participate upon completion of 90 days of service. Non-matching contributions to the plan are

GEORGIA BAPTIST FOUNDATION, INC.

Notes to Financial Statements
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equal to 8% of an eligible employee's compensation. Contributions are not required by the employee; however, discretionary contributions may be made by the employer. Vesting occurs immediately upon eligibility. Contributions to the plan aggregated approximately \$80,000 and \$68,000 in 2014 and 2013, respectively.

(6) Lease Commitments

The Foundation leases equipment under noncancelable operating leases expiring through May 2016. Rental expense related to operating leases was approximately \$10,000 and \$12,000 in 2014 and 2013, respectively.

Future minimum lease payments under the aforementioned leases are as follows:

| <u>Fiscal Year Ending June 30,</u> | <u>Amount</u> |
|------------------------------------|------------------|
| 2015 | \$ 9,765 |
| 2016 | <u>2,773</u> |
| | <u>\$ 12,538</u> |

(7) Furniture and Equipment

Furniture and equipment consist of the following at June 30, 2014 and 2013:

| | <u>2014</u> | <u>2013</u> |
|-------------------------------|------------------|-----------------|
| Furniture and equipment | \$ 33,532 | 33,532 |
| Automobiles | 91,050 | 53,733 |
| Computer equipment | <u>49,242</u> | <u>42,250</u> |
| | 173,824 | 129,515 |
| Less accumulated depreciation | <u>(98,311)</u> | <u>(88,768)</u> |
| Furniture and equipment, net | <u>\$ 75,513</u> | <u>40,747</u> |

(8) Related Parties

As described in Note 1, the Foundation is affiliated with the Georgia Baptist Convention (the "Convention"). The majority of the funds administered by the Foundation are for the benefit of the Convention, its agencies, and various other Baptist organizations. Throughout the year, the Foundation makes distributions either directly to these organizations or on their behalf. The Foundation also receives funds from these organizations, both to administer for their benefit and to support the Foundation's operations.

The Foundation receives support from the Cooperative Program of the Convention. This support totaled \$100,168 and \$91,434 in 2014 and 2013, respectively.

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The Foundation leases office space under an informal agreement with the Executive Committee of the Convention. Rental expense under this agreement was approximately \$81,700 in 2014 and 2013.

(9) Postretirement Benefits

The Foundation provides postretirement benefits including life, medical, and dental insurance for all vested employees who retire depending on their date of employment. The benefits are provided to active participants who remain employed at the Foundation until retirement (age 55 or above) and have at least 10 active years of service. The percentage of the postretirement health care premiums paid by the Foundation is based on a formula combining service years and age. Employees are 50% vested upon a sum of service years and age totaling 65 and vesting increases on a scale until 100% for service years and age totaling 85. The Foundation pays 100% of the premiums times the vesting factor of employees retired before 2006 and 85% of single coverage and 80% of couple coverage for employees retired after 2005 and employed on a full-time basis before August 5, 2010. The Foundation does not pay any portion of premiums for employees hired since August 5, 2010.

The following table presents the plan's funded status reconciled to the amount recognized in the Foundation's Statements of Financial Position at June 30, 2014 and 2013.

| | <u>2014</u> | <u>2013</u> |
|---|---------------------|------------------|
| Accrued postretirement benefit obligation | \$ 1,961,689 | 1,917,706 |
| Plan assets at fair value | - | - |
| | <u>1,961,689</u> | <u>1,917,706</u> |
| Unrecognized prior service cost | 35,962 | 53,944 |
| Unrecognized net loss | <u>(691,596)</u> | <u>(774,626)</u> |
| Accrued postretirement benefit cost | 1,306,055 | 1,197,024 |
| Other cost recognized | <u>655,634</u> | <u>720,682</u> |
| Net recognized cost | <u>\$ 1,961,689</u> | <u>1,917,706</u> |

GEORGIA BAPTIST FOUNDATION, INC.

Notes to Financial Statements

For the Years Ended June 30, 2014 and 2013

Change in accrued postretirement benefit obligation:

Accrued Postretirement Benefit Obligation: This represents the present value of future benefits attributed to employees' service rendered prior to the valuation date.

| | <u>2014</u> | <u>2013</u> |
|--|----------------------------|-------------------------|
| Accrued postretirement benefit obligation | | |
| beginning of year | \$ 1,917,706 | 1,904,038 |
| Service cost | 26,195 | 23,926 |
| Interest cost | 85,784 | 73,267 |
| Benefits paid | (49,728) | (50,362) |
| Change in discount rate and other assumptions | 160,114 | 13,355 |
| Actuarial (gain) loss | <u>(178,382)</u> | <u>(46,518)</u> |
| Accrued postretirement benefit obligation, | | |
| end of year | \$ <u><u>1,961,689</u></u> | <u><u>1,917,706</u></u> |

Change in accrued postretirement benefit cost:

| | <u>2014</u> | | <u>2013</u> |
|--|----------------------------|----|-------------------------|
| Accrued postretirement benefit cost | | | |
| beginning of year | \$ 1,197,024 | \$ | 1,079,977 |
| Net periodic postretirement benefit cost | 158,759 | | 167,409 |
| Benefits paid | <u>(49,728)</u> | | <u>(50,362)</u> |
| Accrued postretirement benefit cost | | | |
| end of year | \$ <u><u>1,306,055</u></u> | \$ | <u><u>1,197,024</u></u> |

Change in net recognized cost:

| | <u>2014</u> | | <u>2013</u> |
|--|----------------------------|----|-------------------------|
| Net recognized cost, beginning of year | \$ 1,917,706 | \$ | 1,904,038 |
| Net periodic postretirement benefit cost | 158,759 | | 167,409 |
| Benefits paid | (49,728) | | (50,362) |
| (Increase) in unrestricted net assets | <u>(65,048)</u> | | <u>(103,379)</u> |
| Net recognized cost, end of year | \$ <u><u>1,961,689</u></u> | \$ | <u><u>1,917,706</u></u> |

GEORGIA BAPTIST FOUNDATION, INC.

Notes to Financial Statements
For the Years Ended June 30, 2014 and 2013

Net periodic postretirement cost for 2015 (projected), 2014 and 2013 includes the following components:

| | Projected | | |
|--|-----------------------|--------------------|--------------------|
| | 2015 | 2014 | 2013 |
| | <u> </u> | <u> </u> | <u> </u> |
| Service cost | \$ 29,912 | 26,195 | 23,926 |
| Interest cost | 79,271 | 85,784 | 73,267 |
| Amortization of unrecognized service cost | (17,982) | (17,982) | (17,982) |
| Recognized loss | <u>41,286</u> | <u>64,762</u> | <u>88,198</u> |
| Net periodic postretirement benefit cost | <u>\$ 132,487</u> | <u>158,759</u> | <u>167,409</u> |

Assumptions:

| | 2014 | 2013 |
|--|-------------------|-------------------|
| | <u> </u> | <u> </u> |
| Discount rate | 4.10% | 4.55% |
| Expected long-term health cost increase: | | |
| Initial rate | 8.00% | 8.00% |
| Ultimate rate | 5.00% | 5.00% |
| Time to ultimate rate | 6 years | 6 years |
| Expected long-term dental care cost increase: | | |
| Initial and ultimate rate | 5.00% | 5.00% |
| Salary scale assumption | 3.00% | 3.50% |
| Amortization of prior service cost (2006) | 1 year | 2 years |
| Weighted average remaining service - active participants | 12 years | 9 years |

The benefits expected to be paid in each of the years ending June 30, 2015 through 2019 are \$116,311, \$74,652, \$79,322, \$84,444, and \$92,799, respectively. The aggregate benefits expected to be paid during the five years beginning July 1, 2019 total \$543,256. These expected benefits are based on the same assumptions used to measure the Foundation's benefit obligation at June 30, 2014. Benefits of \$49,728 and \$50,362 were paid in 2014 and 2013, respectively. The obligation is unfunded and all benefits paid are from employer contributions.

GEORGIA BAPTIST FOUNDATION, INC.
Notes to Financial Statements
For the Years Ended June 30, 2014 and 2013

The accrued postretirement benefit obligation consists of the following:

| | <u>2014</u> | <u>2013</u> |
|--|---------------------|------------------|
| Retirees | \$ 766,731 | 828,775 |
| Active, fully eligible plan participants | 593,030 | 579,509 |
| Active participants other than fully eligible active plan participants | <u>601,928</u> | <u>509,422</u> |
| Net recognized cost | <u>\$ 1,961,689</u> | <u>1,917,706</u> |

(10) Annuities Payable

The Foundation acts as trustee under irrevocable agreements in which donors have retained interest in income, principal, or both. These agreements include gift annuity contracts, charitable remainder annuity trusts, and charitable remainder unitrusts. This liability is equal to the present value of estimated future payments to beneficiaries at the statement of financial position date. The assets related to these agreements include the Charitable Remainder Trusts – Fixed Income and Equity Pools and a note receivable that totaled approximately \$13,285,000 and \$11,618,000 at June 30, 2014 and 2013, respectively.

This annuity liability is revalued annually based on computed values. Change in annuities payable consists of the following for the years ended June 30, 2014 and 2013:

| | <u>2014</u> | <u>2013</u> |
|---|-------------------|------------------|
| Account terminations | \$ (100,281) | (83,010) |
| New accounts written | 511,354 | 91,524 |
| Interest and dividend income | 374,702 | 385,825 |
| Net realized and unrealized gains | 1,302,729 | 684,986 |
| Distributions to beneficiaries | (794,836) | (745,699) |
| Investment management expenses | (100,650) | (89,044) |
| Actuarial change including net investment income allocated to remainder interests | <u>(677,473)</u> | <u>(366,493)</u> |
| | <u>\$ 515,545</u> | <u>(121,911)</u> |

The Foundation uses published mortality-rate tables adopted by the United States Internal Revenue Service and discount rates ranging from 2.40% to 6.40% to determine the present value of the annuity liability.

GEORGIA BAPTIST FOUNDATION, INC.

Notes to Financial Statements
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(11) Assets Held for Others

Assets held for others consist of the following at June 30, 2014 and 2013:

Refundable advances consist of assets administered by the Foundation for individuals and institutions under revocable trust agreements. Because these assets are subject to withdrawal at the discretion of the individual or institution, they are considered revocable assets. These amounts are presented as agency transactions in the accompanying financial statements.

Trusts administered for others consist of assets held and invested by the Foundation for the Convention and others in an agency capacity. These funds are generally invested in the Foundation's common investment pools. The use of income from the assets is governed by irrevocable trust agreements. The Foundation has no discretion in the selection of the trust beneficiary or the use of the income. These amounts are presented as agency transactions in the accompanying financial statements.

Liability to resource providers consists of assets held under irrevocable trust agreements between the Foundation and the Convention and its affiliates to administer endowment funds. In these cases, the agency creating the agreement and the endowment beneficiary are the same party, and the Foundation has no discretion over the selection of beneficiary or use of the income. These funds are generally invested in the Foundation's common investment pools. These amounts are presented as agency transactions in the accompanying financial statements.

| | 2014 | 2013 |
|---------------------------------|----------------|-------------|
| Refundable advances | \$ 250,528,412 | 226,379,396 |
| Trusts administered for others | 91,950,480 | 82,799,535 |
| Liability to resource providers | 10,933,374 | 9,955,811 |
| | \$ 353,412,266 | 319,134,742 |

(12) Net Assets

Temporarily restricted net assets consist of the following at June 30, 2014 and 2013:

| | 2014 | 2013 |
|--|--------------|-------------|
| Endowment gains and unexpended income restricted by donors for the benefit of the Foundation | \$ 135,008 | 91,672 |
| Endowment gains and unexpended income restricted by donors for Christian education and other beneficiaries | 4,441,640 | 3,127,025 |
| | \$ 4,576,648 | 3,218,697 |

GEORGIA BAPTIST FOUNDATION, INC.
Notes to Financial Statements
For the Years Ended June 30, 2014 and 2013

Permanently restricted net assets consist of the following at June 30, 2014 and 2013:

| | 2014 | 2013 |
|---|---------------|-------------|
| Irrevocable restricted endowment funds for the benefit of the Foundation | \$ 5,319,171 | 5,293,228 |
| Irrevocable restricted endowment funds for the benefit of Christian education and other beneficiaries | 7,595,691 | 7,570,354 |
| | \$ 12,914,862 | 12,863,582 |

(13) Functional Allocation of Expenses

The cost of providing program services and other activities for the years ended June 30, 2014 and 2013 are summarized on a functional basis as follows:

| | 2014 | 2013 |
|---|---------------|-------------|
| Programs | | |
| Expenses allocated to investment income | \$ 3,478,803 | 2,868,687 |
| Endowment and assets held for others | | |
| beneficiary distributions | 9,213,161 | 8,698,783 |
| Investment administration | 266,281 | 257,339 |
| Trusteeship | 584,490 | 419,673 |
| Total program expenses | 13,542,735 | 12,244,482 |
| Supporting services | | |
| Fundraising | 575,873 | 542,133 |
| Management and general | 458,495 | 454,412 |
| | \$ 14,577,103 | 13,241,027 |

GEORGIA BAPTIST FOUNDATION, INC.

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For the Years Ended June 30, 2014 and 2013

(14) Endowment

The Foundation administers approximately 700 endowment trust funds established for a variety of purposes. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees ("the Trustees") to function as endowments, are classified and reported based on the existence of donor-imposed restrictions.

The Board of Trustees of the Foundation has interpreted the Georgia Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA") as allowing the Foundation to appropriate for expenditure or accumulate so much of an endowment fund as the Foundation determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in an endowment fund shall be donor-restricted assets until appropriated for expenditures by the Board of Trustees. As a result of this interpretation, the Foundation classifies the original value of gifts donated to the permanent endowment, the original value of subsequent gifts to the permanent endowment, and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund as permanently restricted net assets. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. The Trustees appropriate funds from the endowment funds based on the Foundation's Income Spending Policy.

(a) Investment Policy

The investment objectives of the Foundation are to provide sufficient cash flow from interest, dividends, and realized capital gains to meet the income payout level as specified from time to time by the Trustees, and to generate enough additional growth of principal to maintain the purchasing power of the income dollar. The specific performance goal is a portfolio that has a high probability of providing a five-year average return that will allow a dividend rate of at least 5% and reinvestment of at least 3.5% to account for inflation. The primary measurement of risk will be the standard deviation of average returns. The desired ratio of return units to risk units shall be such that when average return over the life of the portfolio is divided by standard deviation, the result is greater than one (1).

(b) Income Spending Policy

Subject to the intent of a donor, expressed in the gift instrument, or to any express written agreement between a donor and the Foundation, the Foundation may appropriate for expenditure or accumulate assets of an endowment fund as it determines shall be prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. Unless stated otherwise in the gift instrument, the assets in an endowment fund shall be donor restricted assets until appropriated for expenditure by the Foundation.

GEORGIA BAPTIST FOUNDATION, INC.

Notes to Financial Statements
For the Years Ended June 30, 2014 and 2013

In making a determination to appropriate or accumulate assets, the Foundation shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and shall consider, if relevant, the following factors:

- (1) The duration and preservation of the endowment fund;
- (2) The purposes of the beneficiary institution and the endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation or deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of the beneficiary institution; and
- (7) The Foundation's Investment Policy.

The goal of the Income Spending Policy is to provide a disciplined and reasoned approach to moving money from the common investment pools on a predictable and consistent basis. The Income Spending Policy aims to preserve intergenerational equity by preserving the real (inflation adjusted) purchasing power of the endowment.

It is the policy of the Trustees of the Foundation that endowment spending shall be paid at a rate of approximately 5% of the market value of the common investment pools as of January 1 of any given year. Further, it is the policy of the Foundation to increase the dollar amount of the spending rate paid per unit of pool participation by 3.5% each year unless the resulting dollar amount is more than 6% or less than 4% of the applicable market value. In either of these cases, the higher or lower percentage will apply.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, losses on the investments of a donor-restricted endowment fund shall reduce temporarily restricted net assets to the extent that donor-imposed temporary restrictions on net appreciation of the fund have not been met before the loss occurs. Any remaining loss shall reduce unrestricted net assets. Gains that restore the fair value of the assets of the endowment fund to the required level shall be classified as increases in unrestricted net assets.

(15) Risks and Uncertainties

The capital markets continue to experience a high degree of volatility that is causing significant fluctuations in the market value of investments. These conditions could impact the classification, liquidity and valuation of cash, cash equivalents and investments. Investments and cash equivalents are subject to interest rate risk, credit risk and market risk. Due to the level of risk associated with certain investments and cash equivalents, it is likely that the market volatility in the near term will affect the amounts reported in the accompanying financial statements. It is possible such trends will continue.

ACCOMPANYING SUPPLEMENTARY INFORMATION

GEORGIA BAPTIST FOUNDATION, INC.
Schedule of Financial Information on Pooled Investment Funds
General Endowment Pool – Balance Sheets
June 30, 2014 and 2013

| Assets | 2014 | 2013 |
|---------------------------------------|-----------------------|--------------------|
| Cash | \$ 4,056,770 | 6,948,513 |
| Accrued income | 819,864 | 1,011,718 |
| Investment securities | 184,371,004 | 233,477,411 |
| Total assets | <u>\$ 189,247,638</u> | <u>241,437,642</u> |
| Liabilities and Fund Balance | | |
| Liabilities: | | |
| Payable for asset management expenses | \$ 276,262 | 341,969 |
| Fund balance | 188,971,376 | 241,095,673 |
| Total liabilities and fund balance | <u>\$ 189,247,638</u> | <u>241,437,642</u> |

General Endowment Pool – Statements of Operations and Changes in Fund Balance
Years ended June 30, 2014 and 2013

| Operations | 2014 | 2013 |
|---|-----------------------|--------------------|
| Investment earnings: | | |
| Interest | \$ 2,344,983 | 3,424,438 |
| Dividends | 1,991,276 | 2,527,927 |
| Net realized and unrealized gains on investments | 23,804,159 | 22,204,399 |
| Total investment earnings | <u>28,140,418</u> | <u>28,156,764</u> |
| Expenses: | | |
| Investment and asset management fees | 1,000,048 | 1,170,305 |
| Georgia Baptist Foundation, Inc. trust administration fee | 539,943 | 646,185 |
| Total expenses allocated to investment income | <u>1,539,991</u> | <u>1,816,490</u> |
| Net increase in fund balance resulting from operations | <u>\$ 26,600,427</u> | <u>26,340,274</u> |
| Changes in Fund Balance Data | | |
| Fund balance at beginning of year | \$ 241,095,673 | 224,262,854 |
| Net increase in fund balance resulting from operations | 26,600,427 | 26,340,274 |
| Distributions of spending policy income to trusts | (8,727,878) | (10,844,913) |
| Unit transactions: | | |
| Proceeds from sale of unit investments in pool | 10,313,134 | 10,058,788 |
| Redemptions of unit investments in pool | (7,886,935) | (8,721,330) |
| Transfer of GBHCMF investment to segregated portfolio | (72,423,045) | - |
| Net (disbursements) proceeds from unit transactions | <u>(69,996,846)</u> | <u>1,337,458</u> |
| Fund balance at end of year | <u>\$ 188,971,376</u> | <u>241,095,673</u> |

GEORGIA BAPTIST FOUNDATION, INC.

Schedule of Financial Information on Pooled Investment Funds for Internal Reporting Only
Georgia Baptist Health Care Ministry Foundation Investment Portfolio – Balance Sheets
June 30, 2014 and 2013

| Assets | 2014 | 2013 |
|---------------------------------------|----------------|------------|
| Cash | \$ 2,718,090 | 1,175,655 |
| Accrued income | 698,998 | 258,854 |
| Investment securities | 154,210,035 | 68,507,572 |
| Total assets | \$ 157,627,123 | 69,942,081 |
| Liabilities and Fund Balance | | |
| Liabilities: | | |
| Payable for asset management expenses | \$ 334,911 | 180,108 |
| Fund balance | 157,292,212 | 69,761,973 |
| Total liabilities and fund balance | \$ 157,627,123 | 69,942,081 |

Georgia Baptist Health Care Ministry Foundation Investment Portfolio – Statements of Operations and
Changes in Fund Balance
Year ended June 30, 2014 and four months ended June 30, 2013

| Operations | 2014 | 2013 |
|---|----------------|------------|
| Investment earnings: | | |
| Interest | \$ 1,925,250 | 521,604 |
| Dividends | 1,206,922 | 211,619 |
| Net realized and unrealized gains on investments | 15,959,716 | 559,500 |
| Total investment earnings | 19,091,888 | 1,292,723 |
| Expenses: | | |
| Investment and asset management fees | 698,014 | 148,043 |
| Georgia Baptist Foundation, Inc. trust administration fee | 588,838 | 302,002 |
| Total expenses allocated to investment income | 1,286,852 | 450,045 |
| Net increase in fund balance resulting from operations | \$ 17,805,036 | 842,678 |
| Changes in Fund Balance Data | | |
| Fund balance at beginning of year/period | \$ 69,761,973 | - |
| Net increase in fund balance resulting from operations | 17,805,036 | 842,678 |
| Withdrawal of income | (2,979,225) | - |
| Investment activity: | | |
| Assets delivered to investment portfolio from prior custodian | 1,929 | 68,919,295 |
| Transfer of investment from General Endowment Pool | 72,423,045 | - |
| Additions | 279,454 | - |
| Net proceeds from unit transactions | 72,704,428 | 68,919,295 |
| Fund balance at end of year | \$ 157,292,212 | 69,761,973 |

GEORGIA BAPTIST FOUNDATION, INC.
Schedule of Financial Information on Pooled Investment Funds
Fixed Income Pool - Balance Sheets
June 30, 2014 and 2013

| Assets | 2014 | 2013 |
|---|---------------------|------------------|
| Cash | \$ 13,722 | 59,622 |
| Accrued income | 19,548 | 22,502 |
| Investment securities | 1,697,538 | 2,008,413 |
| Total assets | <u>\$ 1,730,808</u> | <u>2,090,537</u> |
| Liabilities and Fund Balance | | |
| Liabilities: | | |
| Payable for asset management expenses and distributions to trusts | \$ 5,047 | 5,942 |
| Fund balance | <u>1,725,761</u> | <u>2,084,595</u> |
| Total liabilities and fund balance | <u>\$ 1,730,808</u> | <u>2,090,537</u> |

Fixed Income Pool – Statements of Operations and Changes in Fund Balance
Years ended June 30, 2014 and 2013

| Operations | 2014 | 2013 |
|---|---------------------|------------------|
| Investment earnings: | | |
| Interest | \$ 81,517 | 83,377 |
| Net realized and unrealized gain (loss) on investments | 15,743 | (82,147) |
| Total investment earnings | <u>97,260</u> | <u>1,230</u> |
| Expenses: | | |
| Investment and asset management fees | 11,506 | 14,800 |
| Georgia Baptist Foundation, Inc. trust administration fee | 5,598 | 6,073 |
| Total expenses allocated to investment income | <u>17,104</u> | <u>20,873</u> |
| Net increase (decrease) in fund balance resulting from operations | <u>\$ 80,156</u> | <u>(19,643)</u> |
| Changes in Fund Balance Data | | |
| Fund balance at beginning of year | \$ 2,084,595 | 1,786,782 |
| Net increase (decrease) in fund balance resulting from operations | 80,156 | (19,643) |
| Distributions of income to trusts | (81,517) | (83,377) |
| Unit transactions: | | |
| Proceeds from sale of unit investments in pool | 54,032 | 400,833 |
| Redemptions of unit investments in pool | <u>(411,505)</u> | <u>-</u> |
| Net (redemptions) proceeds from unit transactions | <u>(357,473)</u> | <u>400,833</u> |
| Fund balance at end of year | <u>\$ 1,725,761</u> | <u>2,084,595</u> |

GEORGIA BAPTIST FOUNDATION, INC.
Schedule of Financial Information on Pooled Investment Funds
Charitable Remainder Trusts – Fixed Income Pool
Balance Sheets
June 30, 2014 and 2013

| Assets | 2014 | 2013 |
|---------------------------------------|---------------------|------------------|
| Cash | \$ 23,382 | 20,800 |
| Accrued income | 4,678 | 6,423 |
| Investment securities | 4,285,812 | 3,912,634 |
| Total assets | <u>\$ 4,313,872</u> | <u>3,939,857</u> |
| Liabilities and Fund Balance | | |
| Liabilities: | | |
| Payable for asset management expenses | \$ 1,796 | 1,639 |
| Fund balance | 4,312,077 | 3,938,218 |
| Total liabilities and fund balance | <u>\$ 4,313,873</u> | <u>3,939,857</u> |

Charitable Remainder Trusts – Fixed Income Pool
Statements of Operations and Changes in Fund Balance
Years ended June 30, 2014 and 2013

| Operations | 2014 | 2013 |
|---|---------------------|------------------|
| Investment earnings: | | |
| Interest | \$ 126,498 | 136,762 |
| Net realized and unrealized gain (loss) on investments | 58,699 | (150,420) |
| Total investment earnings (loss) | <u>185,197</u> | <u>(13,658)</u> |
| Expenses: | | |
| Investment and asset management fees | 12,558 | 12,091 |
| Georgia Baptist Foundation, Inc. trust administration fee | 21,179 | 20,029 |
| Total expenses allocated to investment earnings | <u>33,737</u> | <u>32,120</u> |
| Net increase (decrease) in fund balance resulting from operations | <u>\$ 151,460</u> | <u>(45,778)</u> |
| Changes in Fund Balance Data | | |
| Fund balance at beginning of year | \$ 3,938,218 | 4,077,390 |
| Net increase (decrease) in fund balance resulting from operations | 151,460 | (45,778) |
| Distributions of income | (103,486) | (113,991) |
| Unit transactions: | | |
| Proceeds from sale of unit investments in pool | 545,973 | 386,530 |
| Redemptions of unit investments in pool | (220,088) | (365,933) |
| Net proceeds from unit transactions | <u>325,885</u> | <u>20,597</u> |
| Fund balance at end of year | <u>\$ 4,312,077</u> | <u>3,938,218</u> |

GEORGIA BAPTIST FOUNDATION, INC.
Schedule of Financial Information on Pooled Investment Funds
Charitable Remainder Trusts – Equity Pool
Balance Sheets
June 30, 2014 and 2013

| Assets | 2014 | 2013 |
|---------------------------------------|--------------|-------------|
| Cash | \$ 43,516 | 15,901 |
| Accrued income | - | 5,515 |
| Investment securities | 6,679,025 | 5,522,864 |
| Total assets | \$ 6,722,541 | 5,544,280 |
| Liabilities and Fund Balance | | |
| Liabilities: | | |
| Payable for asset management expenses | \$ 2,801 | 2,308 |
| Fund balance | 6,719,740 | 5,541,972 |
| Total liabilities and fund balance | \$ 6,722,541 | 5,544,280 |

Charitable Remainder Trusts – Equity Pool
Statements of Operations and Changes in Fund Balance
Years ended June 30, 2014 and 2013

| Operations | 2014 | 2013 |
|---|--------------|-------------|
| Investment earnings: | | |
| Interest | \$ 15 | 6 |
| Dividends | 70,123 | 73,050 |
| Net realized and unrealized gains on investments | 1,256,782 | 837,402 |
| Total investment earnings | 1,326,920 | 910,458 |
| Expenses: | | |
| Investment and asset management fees | 19,017 | 16,940 |
| Georgia Baptist Foundation, Inc. trust administration fee | 32,334 | 28,180 |
| Total expenses allocated to investment earnings | 51,351 | 45,120 |
| Net increase in fund balance resulting from operations | \$ 1,275,569 | 865,338 |
| Changes in Fund Balance Data | | |
| Fund balance at beginning of year | \$ 5,541,972 | 5,461,142 |
| Net increase in fund balance resulting from operations | 1,275,569 | 865,338 |
| Distributions of income | (78,385) | (68,004) |
| Unit transactions: | | |
| Proceeds from sale of unit investments in pool | 772,993 | 84,651 |
| Redemptions of unit investments in pool | (792,409) | (801,155) |
| Net (disbursements) from unit transactions | (19,416) | (716,504) |
| Fund balance at end of year | \$ 6,719,740 | 5,541,972 |