

2015 ANNUAL REPORT
GEORGIA BAPTIST CONVENTION

awaken
2015

AUDITS
GRAHAM FOUNDATION



Graham Foundation, Inc.
Georgia Baptist Mission Board Missions & Ministry Center
6405 Sugarloaf Parkway
Duluth, Georgia 30097-4092
Thomas N. Howell Jr., Treasurer

The Graham Foundation provides financial assistance to college students. In 1991 the Graham Foundation trustees turned over daily administration of the Foundation funds to the Georgia Baptist Foundation, Inc. The Georgia Baptist Foundation was chartered in 1941 to serve as the independent trust agency of the Georgia Baptist Convention and its audited financial statements are included in the *Annual Report of the Georgia Baptist Convention*. The unaudited Graham Foundation financial statements and notes submitted here are compiled from account information reported by the Georgia Baptist Foundation.

THE GRAHAM FOUNDATION, INC.

Statements of Financial Position

June 30, 2015

(with comparative totals for 2014)

Assets:	2015	2014
Investments (Note (2)(b))	\$ <u>88,009</u>	<u>85,204</u>
Total assets	\$ <u><u>88,009</u></u>	<u><u>85,204</u></u>
Net Assets:		
Unrestricted net assets	\$ -	-
Temporarily restricted net assets (Note (3))	78,009	75,204
Permanently restricted net assets	<u>10,000</u>	<u>10,000</u>
Total net assets	\$ <u><u>88,009</u></u>	<u><u>85,204</u></u>

THE GRAHAM FOUNDATION, INC.

Statement of Activity
Year ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Net Asset Total</u>
Investment earnings and net assets released from restrictions:				
Investment income	\$ -	3,959	-	3,959
Net realized and unrealized (losses) on investments	-	(842)	-	(842)
Net assets released from temporary restrictions	<u>312</u>	<u>(312)</u>	<u>-</u>	<u>-</u>
Total investment earnings and net assets released from restrictions	<u>312</u>	<u>2,805</u>	<u>-</u>	<u>3,117</u>
Expenses:				
Expenses of endowment administration	<u>312</u>	<u>-</u>	<u>-</u>	<u>312</u>
Change in net assets	-	2,805	-	2,805
Net assets of beginning of year	-	75,204	10,000	85,204
Net assets at end of year	<u>\$ -</u>	<u>78,009</u>	<u>10,000</u>	<u>88,009</u>

THE GRAHAM FOUNDATION, INC.

Statement of Activity
Year ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Net Asset Total</u>
Investment earnings and net assets released from restrictions:				
Investment income	\$ -	3,608	-	3,608
Net realized and unrealized gains on investments	-	7,367	-	7,367
Net assets released from temporary restrictions	<u>293</u>	<u>(293)</u>	<u>-</u>	<u>-</u>
Total investment earnings and net assets released from restrictions	<u>293</u>	<u>10,682</u>	<u>-</u>	<u>10,975</u>
Expenses:				
Expenses of endowment administration	<u>293</u>	<u>-</u>	<u>-</u>	<u>293</u>
Change in net assets	-	10,682	-	10,682
Net assets of beginning of year	-	64,522	10,000	74,522
Net assets at end of year	<u>\$ -</u>	<u>75,204</u>	<u>10,000</u>	<u>85,204</u>

THE GRAHAM FOUNDATION
 Statements of Cash Flows
 Years ended June 30, 2015 and 2014

	2015	2014
Cash flow from operating activities:		
Change in net assets	\$ 2,805	10,682
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized (gain) or loss on investments	<u>842</u>	<u>(7,367)</u>
Net cash provided by operating activities	<u>3,647</u>	<u>3,315</u>
 Cash flows from investing activities:		
Purchase of units in Georgia Baptist Foundation General Endowment Pool	(3,959)	(3,608)
Proceeds from sale of units in Pool	<u>312</u>	<u>293</u>
Net cash used in investing activities	<u>(3,647)</u>	<u>(3,315)</u>
Net change in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of year	-	-
Cash and cash equivalents at end of year	<u>\$ -</u>	<u>-</u>

THE GRAHAM FOUNDATION, INC.
Notes to Financial Statements – UNAUDITED
June 30, 2015 and 2014

(1) Organization

The Graham Foundation, Inc.'s (the "Foundation") provides financial assistance for college students. The Executive Committee of the Baptist Convention of the State of Georgia is trustee of the Foundation. The Foundation is administered by the Georgia Baptist Foundation ("GBF"), Inc. which is audited annually and its report is included in the Georgia Baptist Convention *Annual Report of the Georgia Baptist Convention*. This supplemental report is prepared annually by the Foundation treasurer and is also included in the *Annual Report*.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

These financial statements have been prepared on the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, certain revenue and the related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred.

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 released from temporarily restricted net assets for expenses of Foundation administration. Temporarily restricted net assets are those resources currently available for use and expendable only for the charitable purpose of the Foundation. Such resources originate from endowment pool investment return. Permanently restricted net assets are those which must be permanently invested to provide a source of support for the charitable purpose of the Foundation.

(b) Investments

The GBF administers and manages The Foundation's endowment investments. The GBF 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.

The Foundation's endowment assets are combined with assets of other entities in a common investment pool managed by external fund managers. Investment securities are principally comprised of publicly traded equity and debt securities. The fair market value of the common investment pool is based on the quoted market prices of the underlying assets.

THE GRAHAM FOUNDATION, INC.
Notes to Financial Statements – UNAUDITED
June 30, 2015 and 2014

The Foundation's proportionate share of investments held by the GBF at fair market value June 30, 2015 and 2014 is \$88,009 and \$85,204, respectively.

(3) Net Assets

Temporarily restricted net assets consist of the following at June 30, 2015 and 2014:

	2015	2014
Endowment gains and unexpended income restricted by donors for college student financial assistance	78,009	75,204
Total temporarily restricted net assets	78,009	75,204