

Consolidated Financial Statements and Report of Independent Certified Public Accountants
Funds Administered by Baptist Foundation of Texas

December 31, 2014 and 2013

Funds Administered by Baptist Foundation of Texas

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Report of Independent Certified Public Accountants

Board of Directors
Baptist Foundation of Texas

We have audited the accompanying consolidated financial statements of Funds Administered by Baptist Foundation of Texas and subsidiary, which comprise the consolidated balance sheets as of December 31, 2014 and 2013, and related consolidated statements of operations and distributable income, and consolidated statements of changes in funds administered for the years 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Funds Administered by Baptist Foundation of Texas and subsidiary as of December 31, 2014 and 2013, and the results of their operations and changes in funds administered for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedules of Consolidated Assets, Schedules of Consolidated Administrative Expenses, and Consolidating Balance Sheets by Fund are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Dallas, Texas
April 22, 2015

Funds Administered by Baptist Foundation of Texas

CONSOLIDATED BALANCE SHEETS

December 31,
(Dollars in thousands unless otherwise noted)

ASSETS	<u>2014</u>	<u>2013</u>
Cash and cash equivalents	\$ 113,267	\$ 144,093
Cash equivalents held as collateral for securities on loan	68,262	29,663
Equity securities (cost, \$654,751 and \$696,086 in 2014 and 2013)	776,767	900,775
Bonds (cost, \$343,407 and \$344,402 in 2014 and 2013)	352,970	350,095
Marketable alternatives (cost, \$142,000 and \$0 in 2014 and 2013)	145,486	-
Investments in private equity funds (cost, \$52,243 and \$39,684 in 2014 and 2013)	60,390	45,155
Accrued interest, dividends and royalties	7,838	9,052
Securities on loan to borrowers	66,053	28,766
Receivable from sale of securities	4,634	11,548
Mortgage loans and notes receivable	14,633	10,124
Real estate, properties and funds (cost, \$57,788 and \$71,022 in 2014 and 2013)	57,441	71,615
Mineral rights and royalties (cost, \$2,125 and \$21,658 in 2014 and 2013)	283,479	288,472
Other	<u>1,840</u>	<u>1,761</u>
Total assets	<u>\$1,953,060</u>	<u>\$1,891,119</u>
LIABILITIES AND FUNDS ADMINISTERED		
Liabilities		
Accrued liabilities	\$ 2,330	\$ 1,962
Payable for purchases of securities	8,295	42,085
Liability for collateral held for securities on loan	68,262	29,663
Distributable income	<u>30,124</u>	<u>36,151</u>
Total liabilities	109,011	109,861
Commitments and contingencies (Note F)		
Funds administered		
Institutional funds	1,321,823	1,207,551
Annuity and life income trust funds	97,648	90,130
Net unrealized gains on investments	<u>424,578</u>	<u>483,577</u>
Total funds administered	<u>1,844,049</u>	<u>1,781,258</u>
Total liabilities and funds administered	<u>\$1,953,060</u>	<u>\$1,891,119</u>

The accompanying notes are an integral part of these consolidated statements.

Funds Administered by Baptist Foundation of Texas

CONSOLIDATED STATEMENTS OF OPERATIONS AND DISTRIBUTABLE INCOME

Years ended December 31,
(Dollars in thousands unless otherwise noted)

	<u>2014</u>	<u>2013</u>
Revenues		
Dividends	\$ 20,986	\$ 18,284
Interest		
Cash and cash equivalents	62	32
Bonds	10,904	10,479
Mortgage loans and notes receivable	361	1,007
Oil and gas income	78,007	81,996
Other income	<u>2,284</u>	<u>2,425</u>
Total revenues	112,604	114,223
Expenses		
Administrative expenses	7,479	7,660
Other operating expenses	<u>9,281</u>	<u>8,924</u>
Total expenses	<u>16,760</u>	<u>16,584</u>
Excess of revenues over expenses	<u>95,844</u>	<u>97,639</u>
Net realized gains on investments	<u>116,266</u>	<u>52,513</u>
Net unrealized (losses) gains on investments	<u>(58,999)</u>	<u>283,496</u>
Net income	153,111	433,648
Distributions		
Income remitted to institutions	(88,984)	(87,054)
Income remitted to life income trust beneficiaries	<u>(7,759)</u>	<u>(7,485)</u>
	(96,743)	(94,539)
Distributable income at beginning of year	36,151	23,410
Transfers from fund principal	44,726	44,970
Transfers of realized gains on investments to fund principal	(116,266)	(52,513)
Transfers of unrealized gains (losses) on investments to fund principal	58,999	(283,496)
Transfers of income to fund principal	<u>(49,854)</u>	<u>(35,329)</u>
Distributable income at end of year	<u>\$ 30,124</u>	<u>\$ 36,151</u>

The accompanying notes are an integral part of these consolidated statements.

Funds Administered by Baptist Foundation of Texas

CONSOLIDATED STATEMENTS OF CHANGES IN FUNDS ADMINISTERED

Years ended December 31,
(Dollars in thousands unless otherwise noted)

	2014	2013
Funds administered at beginning of year	\$1,781,258	\$1,448,122
Additions		
Contributions by individuals and estates to the Foundation for the benefit of various client institutions	11,583	13,387
Transfers from client institutions	64,307	59,858
Income transferred to fund principal	49,854	35,329
Net realized gains on investments transferred to fund principal	116,266	52,513
Net unrealized (losses) gains on investments transferred to fund principal	(58,999)	283,496
Other	932	455
	183,943	445,038
Reductions		
Capital remitted to client institutions, beneficiaries and others	76,426	66,932
Net realized capital gains transferred to distributable income	44,726	44,970
	121,152	111,902
Change in funds administered	62,791	333,136
Funds administered at end of year	\$1,844,049	\$1,781,258

The accompanying notes are an integral part of these consolidated statements.

Funds Administered by Baptist Foundation of Texas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014 and 2013
(Dollars in thousands unless otherwise noted)

NOTE A - NATURE OF OPERATIONS

Baptist Foundation of Texas (the "Foundation") exists to encourage, receive and manage charitable gifts for Baptist institutions ("client institutions"). The Foundation has no programs or causes of its own; it owns no property except in trust for others or as necessary to carry out the purposes of the Foundation under its bylaws and has no obligations that are its own general liabilities. The Foundation's purpose is to administer various types of funds for Baptist institutions located throughout the world. These funds consist of assets that can be characterized as (a) endowment assets under the control of the Foundation, (b) institutional assets, and (c) charitable split-interest assets.

- (a) Endowment assets are assets that have been given to the Foundation for the benefit of one of its client institutions. The Foundation perpetually controls these assets and is responsible for the management, investment, and distribution of these assets. The client institutions may not withdraw these funds.
- (b) Institutional assets include endowment, quasi-endowment, operational and other assets placed with the Foundation for administration. Administration includes all or some combination of the trust, investment and accounting services offered by the Foundation. The client institution's board of directors is responsible for oversight of the management, investment, and distribution of these assets but has delegated one or more of these functions to the Foundation. The client institutions may withdraw any of these funds at their discretion.
- (c) Charitable split-interest assets are comprised of the assets funding the following gift vehicles:

- Charitable Remainder Trusts
- Charitable Lead Trusts
- Qualified Charitable Gift Annuities
- Pooled Income Funds
- Irrevocable Non-Qualifying Charitable Trusts

All of the assets in these gift vehicles, except for charitable lead trusts, will inure to the benefit of one or more of the Foundation's client institutions upon termination of the obligations to the respective income beneficiaries. The contractual annuity obligation under qualified charitable gift annuities rests with the named client institution beneficiary and is not a general liability of the Foundation. Under charitable remainder trusts, charitable lead trusts, pooled income funds, and irrevocable non-qualifying trusts, liability for payments rests in the trust entity.

The principal administrative services provided by the Foundation relate to endowment asset management and administration, oil and gas management, real estate management, charitable gift development and long-term gift administration, all of which include accounting, reporting, and investing components. Investment activities are directed by the Foundation through fund managers selected by the Foundation. The Foundation has investment policies and guidelines related to asset allocation, income/principal distribution, and investment vehicles, which apply to all funds under the control of the Foundation as well as those institutional assets placed with the Foundation for administration without specific directions to vary from these guidelines. However, each institution may elect to determine and set its own asset allocation, income/principal distribution, and type of investment vehicles for assets characterized as institutional assets. At December 31, 2014 and 2013, approximately \$1,170 million and \$1,123 million, respectively, of institutionally controlled assets were being administered at the direction of the client institutions.

Funds Administered by Baptist Foundation of Texas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2014 and 2013
(Dollars in thousands unless otherwise noted)

NOTE B - SUMMARY OF ACCOUNTING POLICIES

Because the Foundation has no significant assets or obligations of its own, the financial statements reflect the funds administered by the Foundation. The consolidated statements of operations and distributable income reflect distributable income and distributions to client institutions and life income trust beneficiaries based on the terms of the underlying trust agreements. All non-distributable income, gains and losses are reflected as a transfer in the consolidated statements of changes in funds administered.

Principles of Consolidation

The consolidated financial statements include all funds held in accounts administered by the Foundation. Included in the consolidation are the accounts of the Foundation and the corporate assets and liabilities of its subsidiary Concord Trust Company (“Concord”). Concord is a wholly-owned subsidiary of Group Mortgage Loan and Real Estate Fund, one of the Foundation’s common funds. All intercompany and intertrust transactions have been eliminated.

Concord is a for-profit Texas trust company regulated by the Texas Department of Banking. The Foundation employs the services of Concord for administration of its charitable split-interest accounts. Concord offers professional trust administration and investment management to individuals along with endowment management services for not-for-profit organizations. At December 31, 2014 and 2013, Concord administered on behalf of the Foundation 748 and 754 charitable split-interest accounts with a total approximate market value of \$176.9 million and \$175.0 million, respectively. These charitable split-interest funds, for which the Foundation has ultimate responsibility for administration, are consolidated into the Foundation’s financial statements.

Non-Baptist Foundation accounts that Concord administers are not consolidated into the Foundation’s financial statements since the Foundation does not administer or control the assets of Concord’s other outside clients. The assets for non-Baptist Foundation clients that were excluded from the Foundation’s financial statements had an approximate market value of \$69.8 million and \$75.2 million on December 31, 2014 and 2013, respectively.

Included in the consolidated balance sheets is Concord’s corporate assets of approximately \$2.9 million and \$2.8 million as of December 31, 2014 and 2013, respectively, which primarily consists of cash and cash equivalents.

Cash and Cash Equivalents and Cash Equivalents Held as Collateral for Securities on Loan

The Foundation considers all cash, money market funds, and highly liquid debt instruments with original maturities of three months or less to be cash equivalents. The Foundation places its cash and cash equivalents with high credit quality financial institutions, which at times may exceed federally insured limits. The Foundation has not experienced any losses on such accounts. At December 31, 2014 and 2013, substantially all of the Foundation’s cash and cash equivalents were in excess of the federally insured limits. Interest on cash and cash equivalents is recognized as earned. The carrying amount approximates fair value because of the short maturity of those instruments.

Funds Administered by Baptist Foundation of Texas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2014 and 2013
(Dollars in thousands unless otherwise noted)

NOTE B - SUMMARY OF ACCOUNTING POLICIES - Continued

Investments

- *Securities*

Equity securities and bonds are carried at fair value, which is generally determined based on quoted market prices. Certain bonds are valued based upon yields or prices of securities of comparable quality, coupon, maturity and type as well as indications as to values from brokers and dealers. Private equity funds and marketable alternatives are carried at net asset value as a practical expedient for determining fair value and appropriate available market indices, if available. The net realized and unrealized gains (losses) in fair value of investments are reflected in the consolidated statements of operations and distributable income. Dividends and interest are recognized when earned.

- *Real Estate, properties and funds*

Investments in real estate are carried at fair value, which is determined based on analysis of the current real estate market for similar properties. The net realized and unrealized gains (losses) in fair value of investments in real estate are reflected in the consolidated statements of operations and distributable income.

- *Mineral Rights and Royalties*

Investments in mineral rights and royalties are carried at fair value, which is determined by a multiple of the twelve month rolling royalty income. The net realized and unrealized gains (losses) in fair value of investments in mineral rights and royalties are reflected in the consolidated statements of operations and distributable income. Revenue is generally recorded based on the cash received for oil and gas volumes sold. Since the cash is generally received two to three months after the production month, the Foundation accrues for revenue earned but not yet received.

- *Derivative Instruments*

Derivative financial instruments are recorded in the consolidated balance sheet as either an asset or a liability measured at fair value.

The Foundation uses securities futures contracts to gain immediate market exposure rather than buying individual securities. The Foundation utilizes Eurodollar and London Interbank offered rate ("LIBOR") futures contracts to obtain interest rate exposure in the short-end of the U.S. yield curve. These futures contracts are a common instrument of the money market and are cash settled, meaning no securities are delivered at the expiration of the contract. Futures contracts are recorded at fair value based on exchange traded quotes.

Funds Administered by Baptist Foundation of Texas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2014 and 2013
(Dollars in thousands unless otherwise noted)

NOTE B - SUMMARY OF ACCOUNTING POLICIES - Continued

The Foundation manages exposure to fluctuations in foreign exchange rates in its investment portfolio by creating offsetting positions through the use of foreign currency forward exchange contracts. These contracts provide for the purchase or sale of foreign currencies at specified future dates and specified exchange rates. Notional amounts are stated in the U.S. dollar equivalents at spot exchange rates at the respective dates. The net carrying value of foreign currency forward exchange contracts is equal to their fair value based upon quoted market prices for contracts with similar maturities.

The Foundation uses interest rate and credit default swaps in its fixed income portfolio to adjust risk exposure (e.g. duration, maturity mix, credit quality and rate spreads), to adjust exposure to sectors of the market (e.g. treasuries, mortgages, corporations) and as a substitute for physical securities. The Foundation uses options on swaps and U.S. Treasury futures to manage interest rate and volatility exposures. These interest rate and credit default contracts are also recorded at fair value based on observable market inputs including, but not limited to, swap and yield curves, interest rates, LIBOR, credit spreads, and recovery rates.

The fair value of derivatives is included with equity securities and bonds in the accompanying consolidated balance sheets. Changes in fair value are recorded as realized and unrealized gains (losses) and are included with realized and unrealized gain (losses) on investments in the consolidated statements of operations and distributable income.

Mortgage Loans and Notes Receivable

The Foundation's mortgage loans and notes receivable are reported at carrying value which approximates fair value as of the reporting dates due to short term nature of these investments and with consideration of interest rates and significant changes in credit risk. Management determines carrying value as the outstanding principal amounts, adjusted for any valuation allowance for loan losses. Collateral on the mortgage loans is concentrated in real estate.

Interest on mortgage loans and notes receivable is recognized as earned.

Receivable and Payable from Sale and Purchases of Securities

The carrying amounts approximate fair value because of the short maturity of these instruments.

Basis for Recording Assets

Contributed assets and assets transferred from client institutions are generally recorded at estimated fair value, if readily determinable, at the date of contribution or transfer. Assets without a readily determinable fair value are recorded at a nominal amount until a fair value is determined at year end.

Funds Administered by Baptist Foundation of Texas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2014 and 2013
(Dollars in thousands unless otherwise noted)

NOTE B - SUMMARY OF ACCOUNTING POLICIES - Continued

Allocation of Oil, Gas and Mineral Proceeds

All oil and gas royalties and lease bonuses are credited to income. Certain amounts of oil and gas income are transferred to fund principal pursuant to the provisions of the trust instruments or client direction. Where the trust instrument is silent, 22% of gross income is allocated to fund principal in accordance with the Texas Trust Code. For endowments where the legal instrument is silent, 22% of gross income is allocated to fund principal unless directed differently by the client institution.

Income Taxes

The Foundation is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code (IRC) as an organization described in Section 501(c)(3). The Foundation is not a private foundation within the meaning of Section 509(a) of the IRC because they are an organization described in Section 509(a)(3). Because the Foundation is an integrated auxiliary of a church, the Foundation is not required to file Form 990. However, income generated from activities unrelated to the Foundation's exempt purpose is subject to tax under IRC Section 511. The Foundation had no material unrelated business taxable income for the years ended December 31, 2014 or 2013. Concord files a separate Federal income tax return and accounts for income taxes under the asset and liability method.

As required by the uncertain tax position guidance in the Financial Accounting Standards Board (FASB) Accounting Standard Codification ("ASC") 740, *Income Taxes*, the Foundation and Concord recognize the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an examination. The Foundation and Concord recognize the potential accrued interest and penalties related to unrecognized tax benefits within income tax expense. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the consolidated financial statements is the benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. All tax positions taken related to the Foundation and Concord, for which the statute of limitations remained open, have been reviewed, and management is of the opinion that material positions taken by the Foundation and Concord would more likely than not be sustained upon examination. Accordingly, the Foundation and Concord have not recorded an income tax liability for uncertain tax benefits.

Concord files a federal income tax and state franchise tax return, which remain open for examination for the previous three and five year period, respectively.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Funds Administered by Baptist Foundation of Texas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2014 and 2013
(Dollars in thousands unless otherwise noted)

NOTE B - SUMMARY OF ACCOUNTING POLICIES - Continued

Reclassifications

Certain reclassifications have been made to the prior year's financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations, changes in funds administered, or distributable income. These reclassifications represent other fee income and real estate fee expense related to sale of property.

NOTE C - FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Cash Equivalents

The carrying amount approximates fair value because of the short maturity of those instruments.

Investment Securities

The carrying amounts for debt and equity securities are at fair value based on quoted market prices or valuation based on comparable securities or values from brokers and dealers.

Derivative Instruments

The carrying amounts for derivatives are at fair value based on exchange traded quotes, quoted market price for contracts with similar maturities or fair values determined based on other observable market inputs. The fair values of derivatives were (\$1,459) and \$258 at December 31, 2014 and 2013, respectively, and are included with equity securities and bonds in the accompanying consolidated balance sheets.

Investments in Private Equity Funds

Investments in private equity funds are carried at net asset value as a practical expedient for determining fair value. These investments are diversified across various buy-out, venture capital and special situation investment opportunities available in the private equity investment market. They are also diversified across industries, countries, and vintage years. Investments are made through multiple limited partnerships and other limited liability collective investment vehicles that are sponsored by third party advisors. In general, investments in private equity funds are nonredeemable interests. Due to the inherent illiquidity of the underlying investments, redemptions are not permitted; however, typically, as investments are sold or liquidated, the net proceeds of the sale are distributed back to the investors in the fund immediately following the sale or liquidity event. The Foundation estimates an average investment period of 15 years for private equity investments. Unfunded commitments for investment in private equity funds were \$35.9 million and \$41.7 million as of December 31, 2014 and 2013, respectively.

Funds Administered by Baptist Foundation of Texas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2014 and 2013
(Dollars in thousands unless otherwise noted)

NOTE C - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

One of the significant investments includes a commitment to a private equity fund of funds, whose objective is to create a diversified portfolio of private equity partnerships over an approximate five-year period. This fund may invest in buyouts, venture capital, special situations, and other investment strategies. The portfolio is diversified by investment strategy, life cycle, investment manager, geographic region, and industry. The Foundation has a commitment of \$50.0 million to this fund of which \$10.0 million and \$16.0 million remains unfunded as of December 31, 2014 and 2013, respectively. The net asset value of the Foundation's investment in this fund is \$39.2 million and \$35.0 million as of December 31, 2014 and 2013, respectively.

Investments in Marketable Alternatives

Investments in marketable alternatives are carried at net asset value as a practical expedient for determining fair value. These investments are diversified across various investment strategies available in the market. Investments are made through fund of funds through multiple investment managers to create a diversified portfolio.

Investments in Real Estate

Real estate is carried at fair value based on internal appraisals using management knowledge of the properties, current real estate market for similar properties and recent sales of comparative properties. The fair value of real estate held by the Foundation was \$8.3 million and \$22.0 million as of December 31, 2014 and 2013, respectively.

Investments in real estate funds are carried at net asset value as a practical expedient for determining fair value. Investments are diversified across all commercial property types (e.g. office, industrial, retail, multi-family), geo-economic regions, investment horizons and vintage years. Investments in real estate funds are made through limited partnerships and other limited liability collective investment vehicles managed by third party advisors. In general, investments in real estate funds are nonredeemable interests. Due to the inherent illiquidity of the underlying investments, redemptions are generally not permitted; however, typically, as investments are sold or liquidated, the net proceeds of the sale are distributed back to the investors in the fund immediately following the sale or liquidity event. The Foundation estimates an average investment period of 10 years for real estate investments. The fair value of investment in real estate funds held by the Foundation was \$49.1 million and \$49.6 million as of December 31, 2014 and 2013, respectively. Unfunded commitments for investment in real estate funds were \$9.9 million and \$13.6 million as of December 31, 2014 and 2013, respectively.

One of the significant investments includes an investment in an open-ended real estate fund whose objective is to invest in a well-diversified portfolio of operating assets consisting primarily of retail, office, multi-family and industrial properties with a focus on individual transactions ranging between \$50 and \$100 million. The fund is diversified geographically and invests only in the U.S. The Foundation had a commitment of \$10.0 million to this investment which has been fully funded as of December 31, 2014 and 2013, respectively. The net asset value of the Foundation's investment in this fund is \$11.4 million and \$10.8 million as of December 31, 2014 and 2013, respectively.

Funds Administered by Baptist Foundation of Texas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2014 and 2013
(Dollars in thousands unless otherwise noted)

NOTE C - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

Investments in Mineral and Royalty Rights

Investments in mineral interests are carried at fair value calculated by multiplying the most recent twelve months of royalty income, excluding lease bonus income, times a factor of four. Management used a multiple of four for the valuation as of December 31, 2014 and 2013 based on current industry methodology, recent market transactions, and the Foundation's extensive experience in mineral properties.

Securities on Loan to Borrowers and Liability for Collateral Held for Securities on Loan

The carrying amounts of these instruments are at fair value based on quoted market prices of the underlying securities.

Funds Administered by Baptist Foundation of Texas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2014 and 2013
(Dollars in thousands unless otherwise noted)

NOTE D - DERIVATIVE INSTRUMENTS

Realized gains and losses on derivative instruments are included with net realized gains (losses) on investments in the consolidated statements of operations and distributable income. Unrealized gains and losses on derivative instruments are included with net unrealized gains (losses) on investments in the consolidated statements of operations and distributable income.

Futures Contracts

The Foundation holds the following securities futures contracts (in thousands):

	<u>December 31,</u> <u>2014</u>	<u>December 31,</u> <u>2013</u>
Fixed Income Futures		
US Treasury Futures		
Net Exposure	\$ 34,835	\$ 136
Expiration	March 2015	March 2014
Number of Contracts	270	1
US Interest Rate Swap Futures		
Net Exposure	\$ (3,316)	\$ (2,964)
Expiration	March 2015	March 2014
Number of Contracts	(30)	(30)
Euro Bond Futures		
Net Exposure	2,363	\$ (5,615)
Expiration	March 2015	March 2014
Number of Contracts	15	(31)
Eurodollar Futures		
Net Exposure	\$ (39,523)	\$80,091
Expiration	December 2015 to September 2017	September 2015 to September 2017
Number of Contracts	(163)	325
Sterling LIBOR Futures		
Net Exposure	\$ -	\$ 5,912
Expiration	-	September 2014
Number of Contracts	<u>-</u>	<u>29</u>
Realized gain (loss) for year ended	\$ <u>(328)</u>	\$ <u>56</u>

Upon entering into a futures contract, cash must be maintained in the portfolio to the extent equal to the fully collateralized value of the financial futures. Cash and cash equivalents are collateralized by the aggregate notional amount of open futures contracts at December 31, 2014 and 2013.

Funds Administered by Baptist Foundation of Texas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2014 and 2013
(Dollars in thousands unless otherwise noted)

NOTE D - DERIVATIVE INSTRUMENTS - Continued

The fair value of futures contracts is included with bonds in the accompanying consolidated balance sheets.

Foreign Currency Forward Exchange Contracts

At December 31, 2014 and 2013, the Foundation had outstanding foreign currency forward exchange contracts, primarily consisting of contracts for the Euro, Australian dollar, Mexican new peso, Chilean peso, Brazilian real and Chinese yaun renminbi, as follows:

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Payable Market Value	\$(77,590)	\$(20,794)
Receivable Market Value	78,118	20,900
Payable Unrealized Gain	788	124
Receivable Unrealized Loss	(260)	(18)
Expiration	<u>January 2015 to September 2015</u>	<u>January 2014 to September 2015</u>
Realized gain for year ended	<u>\$ 1,307</u>	<u>\$ 771</u>
Foreign Currency Spot Options		
Net Exposure	\$ (2,760)	\$ (1,290)
Market Value	(12)	(142)
Unrealized Gain/(Loss)	2	(135)
Expiration	January 2015	February 2014
Number of Contracts	<u>2</u>	<u>1</u>
Realized gain for year ended	<u>\$ 59</u>	<u>\$ 5</u>

The fair value of foreign currency forward exchange contracts is included with bonds and equity securities in the accompanying consolidated balance sheets.

Funds Administered by Baptist Foundation of Texas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2014 and 2013
(Dollars in thousands unless otherwise noted)

NOTE D - DERIVATIVE INSTRUMENTS - Continued

Options

The Foundation holds the following options:

Options on Fixed Income Futures

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Options on Eurodollar Futures		
Net Exposure	\$ -	\$ (31,535)
Market Value	-	(14)
Unrealized Loss	-	(9)
Expiration	-	March to December 2014
Number of Contracts	<u>-</u>	<u>(27)</u>
Realized gain for year ended	<u>\$ 4</u>	<u>\$ 3</u>
Options on US Treasury Futures		
Market Value	\$ (8)	\$ -
Unrealized Gain	16	-
Expiration	March 2015	-
Number of Contracts	<u>45</u>	<u>-</u>
Realized gain for year ended	<u>\$ 60</u>	<u>\$ -</u>
Options on Other Fixed Income Securities		
Net Exposure	\$ (500)	\$ (500)
Market Value	-	-
Unrealized Gain	5	5
Expiration	October 2020	October 2020
Number of Contracts	<u>1</u>	<u>1</u>
Realized gain for year ended	<u>\$ 12</u>	<u>\$ -</u>
Options on Swaps		
Options on Swaps		
Net Notional Amount	\$ (7,000)	\$(69,200)
Market Value	(28)	(155)
Unrealized Gain/ (Loss)	20	(12)
Expiration	January 2015 to September 2015	January 2014 to April 2016
Number of Contracts	<u>35</u>	<u>21</u>
Realized gain for year ended	<u>\$ 305</u>	<u>\$ 468</u>

The fair value of options is included with bonds in the accompanying consolidated balance sheets.

Funds Administered by Baptist Foundation of Texas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2014 and 2013
(Dollars in thousands unless otherwise noted)

NOTE D - DERIVATIVE INSTRUMENTS - Continued

Swap Contracts

The Foundation holds the following contracts:

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Interest Rate Swaps - Long-Term		
Net Notional Amount	\$(56,055)	\$(12,818)
Market Value	(2,163)	1,196
Unrealized Gain/(Loss)	(1,409)	843
Expiration	January 2018 to <u>March 2045</u>	June 2015 to <u>December 2043</u>
Inflation Swaps		
Net Notional Amount	624	-
Market Value	13	-
Unrealized Gain	13	-
Expiration	<u>December 2044</u>	<u> </u>
Credit Default Swaps - Short-Term		
Net Notional Amount	\$ 900	\$(3,210)
Market Value	(16)	(11)
Unrealized Loss	-	(10)
Expiration	June 2015 to <u>September 2015</u>	March 2014 to <u>June 2014</u>
Credit Default Swaps - Long-Term		
Net Notional Amount	\$21,306	\$(36,340)
Market Value	227	(722)
Unrealized Loss	(644)	(1,439)
Expiration	March 2016 to <u>August 2037</u>	June 2015 to <u>August 2037</u>
Realized loss for year ended	\$ <u>(494)</u>	\$ <u>(31)</u>

The fair value of swap contracts is included with bonds in the accompanying consolidated balance sheets.

Funds Administered by Baptist Foundation of Texas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2014 and 2013
(Dollars in thousands unless otherwise noted)

NOTE E - SECURITIES LENDING AGREEMENT

The Foundation has a securities lending agreement with its investment custodian to lend securities on the Foundation's behalf. The Foundation requires cash or cash equivalents as collateral, with a total value ranging from 102% to 105% of the current value of the securities loaned.

The Foundation has accounted for the transfer of securities under the securities lending agreement in accordance with ASC 860, *Transfers and Servicing*. The Foundation accounts for its agreement as a secured loan because the Foundation has not surrendered control of the securities on loan. At December 31, 2014 and 2013, securities on loan were approximately \$66.1 million and \$28.8 million, respectively. Collateral held for securities on loan was approximately \$68.3 million and \$29.7 million at December 31, 2014 and 2013, respectively.

NOTE F - COMMITMENTS AND CONTINGENCIES

The Foundation, through various church finance funds, has provided guarantees for loans that are owned by other investors. In exchange for the guarantees, the Foundation is entitled to a fee. The Foundation did not have any commitments for loan guarantees as of December 31, 2014 and 2013.

NOTE G - FAIR VALUE MEASUREMENTS

The Foundation currently records cash and cash equivalents, cash equivalents held as collateral for securities on loan, equity securities, bonds, marketable alternatives, investments in private equity funds, securities on loan to borrowers, mortgage loans and notes receivable, real estate, mineral rights and royalties, and liability for collateral held for securities on loan at fair value. The Foundation adopted accounting guidance related to fair value measurement, which also establishes a fair value hierarchy that distinguishes between assumptions based on market data (observable inputs) and the Foundation's assumptions (unobservable inputs). Determining where an asset or liability falls within that hierarchy depends on the lowest level input that is significant to the fair value measurement as a whole. The hierarchy consists of three broad levels as follows:

Level 1 - Quoted market prices in active markets for identical assets or liabilities

Level 2 - Inputs other than level 1 inputs that are either directly or indirectly observable

Level 3 - Unobservable inputs developed using the Foundation's and/or third party estimates and assumptions, which reflect those that market participants would use

The determination of where an asset or liability falls in the hierarchy requires significant judgment. The Foundation evaluates its hierarchy disclosures periodically and based on various factors, it is possible that an asset or liability may be classified differently from period to period. However, the Foundation expects that changes in classifications between different levels will be rare.

Funds Administered by Baptist Foundation of Texas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2014 and 2013
(Dollars in thousands unless otherwise noted)

NOTE G - FAIR VALUE MEASUREMENTS - Continued

The following table summarizes the valuation of financial instruments measured at fair value on a recurring basis in the consolidated balance sheet at December 31, 2014.

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	\$113,267	\$106,455	\$ 6,812	\$ -
Cash equivalents held as collateral for securities on loan	68,262	-	68,262	-
Equity securities	776,767	714,149	62,429	189
Bonds	352,970	2,353	349,052	1,565
Marketable alternatives	145,486	-	-	145,486
Investments in private equity funds	60,390	-	-	60,390
Securities on loan to borrowers	66,053	34,322	31,731	-
Mortgage loans and notes receivable	14,633	-	-	14,633
Real estate, properties and funds	57,441	-	-	57,441
Mineral rights and royalties	283,479	-	-	283,479
Liability for collateral held for securities on loan	68,262	-	68,262	-

The following table summarizes the valuation of financial instruments measured at fair value on a recurring basis in the consolidated balance sheet at December 31, 2013.

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	\$144,093	\$140,135	\$ 3,958	\$ -
Cash equivalents held as collateral for securities on loan	29,663	-	29,663	-
Equity securities	900,775	814,670	85,916	189
Bonds	350,095	3,625	345,139	1,331
Investments in private equity funds	45,155	-	-	45,155
Securities on loan to borrowers	28,766	8,691	20,075	-
Mortgage loans and notes receivable	10,124	-	-	10,124
Real estate, properties and funds	71,615	-	-	71,615
Mineral rights and royalties	288,472	-	-	288,472
Liability for collateral held for securities on loan	29,663	-	29,633	-

Funds Administered by Baptist Foundation of Texas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2014 and 2013
(Dollars in thousands unless otherwise noted)

NOTE G - FAIR VALUE MEASUREMENTS - Continued

The following table presents additional information for the year ended December 31, 2014 about assets measured at fair value on a recurring basis that have been measured using significant unobservable inputs (level 3).

	<u>Beginning balance</u>	<u>Purchases and additions</u>	<u>Sales and distributions</u>	<u>Total realized and unrealized gains (losses)</u>	<u>Ending balance</u>
Equity securities	\$ 189	\$ -	\$ -	\$ -	\$ 189
Bonds	1,331	696	(447)	(15)	1,565
Marketable alternatives	-	144,806	(2,806)	3,486	145,486
Investments in private equity funds	45,155	15,789	(8,428)	7,874	60,390
Mortgage loans and notes receivable	10,124	6,493	(1,948)	(36)	14,633
Real estate, properties and funds	71,615	4,619	(18,092)	(701)	57,441
Mineral rights and royalties	288,472	-	(19,532)	14,539	283,479

The following table presents additional information for the year ended December 31, 2013 about assets measured at fair value on a recurring basis that have been measured using significant unobservable inputs (level 3).

	<u>Beginning balance</u>	<u>Purchases and additions</u>	<u>Sales and distributions</u>	<u>Total realized and unrealized gains</u>	<u>Ending balance</u>
Equity securities	\$ 189	\$ -	\$ -	\$ -	\$ 189
Bonds	1,740	1,337	(1,754)	8	1,331
Investments in private equity funds	33,696	10,403	(5,703)	6,759	45,155
Mortgage loans and notes receivable	9,722	5,710	(5,366)	58	10,124
Real estate, properties and funds	84,767	6,121	(23,175)	3,902	71,615
Mineral rights and royalties	138,040	-	(62)	150,494	288,472

The unrealized gain for level 3 investments was \$290,022 and \$270,306 at December 31, 2014 and 2013, which is included in the consolidated statements of operations and distributable income as net unrealized gains on investments.

NOTE H - SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through April 22, 2015, the date the financial statements were available to be issued. The Foundation is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

SUPPLEMENTAL INFORMATION

Funds Administered by Baptist Foundation of Texas

SCHEDULES OF CONSOLIDATED ASSETS

December 31,
(Dollars in thousands unless otherwise noted)

	<u>2014</u>		<u>2013</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Cash and cash equivalents	5.81%	\$ 113,267	7.62%	\$ 144,093
Cash equivalents held as collateral for securities on loan	3.50	68,262	1.57	29,663
Equity securities	39.77	776,767	47.63	900,775
Bonds	18.07	352,970	18.51	350,095
Marketable Alternatives	7.45	145,486	0.00	-
Investments in private equity funds	3.09	60,390	2.39	45,155
Accrued interest, dividends and royalties	0.40	7,838	0.48	9,052
Securities on loan to borrowers	3.38	66,053	1.52	28,766
Receivable from sale of securities	0.24	4,634	0.61	11,548
Mortgage loans and notes receivable	0.75	14,633	0.54	10,124
Real estate, properties and funds	2.94	57,441	3.79	71,615
Mineral rights and royalties	14.51	283,479	15.25	288,472
Other	<u>0.09</u>	<u>1,840</u>	<u>0.09</u>	<u>1,761</u>
	<u>100.00%</u>	<u>\$1,953,060</u>	<u>100.00%</u>	<u>\$1,891,119</u>

Funds Administered by Baptist Foundation of Texas

SCHEDULES OF CONSOLIDATED ADMINISTRATIVE EXPENSES

Year ended December 31,
(Dollars in thousands unless otherwise noted)

	<u>2014</u>	<u>2013</u>
Salaries	\$4,374	\$4,671
Retirement benefits	410	489
Medical and dental insurance	412	415
Life insurance	41	42
Disability insurance	23	23
Parking and transit	55	54
Payroll taxes	283	284
Rent	425	438
Depreciation	95	133
Insurance	132	126
Information systems	160	154
Software maintenance	292	221
Office expense	98	83
Audit	52	47
Legal and other professional fees	77	47
Professional dues and law library	59	58
Travel	30	25
Telephone	31	30
Staff training and development	60	37
Business development and public relations	182	108
Bank fees	24	25
Tax return software fees	37	35
Oil and gas processing fees	68	63
Directors expense	40	32
Other	<u>19</u>	<u>20</u>
 Total administrative expenses	 <u>\$7,479</u>	 <u>\$7,660</u>

Funds Administered by Baptist Foundation of Texas

CONSOLIDATING BALANCE SHEETS BY FUND

December 31, 2014

(Dollars in thousands unless otherwise noted)

	* Domestic Equity Fund	* International Equity Fund	* Equity Index Fund	* Group Bond Fund	* Marketable Alternative Fund	* Real Estate Fund	* Private Equity Fund	* Energy Fund	* Low Duration Fund	* Enhanced Cash Fund	* Securities outside Common Funds	* Fund of Funds	* Balance December 31, 2014
ASSETS													
Cash and cash equivalents	\$ 11,684	\$ 8,294	\$ 85	\$ 16,100	\$ -	\$ 1,638	\$ 712	\$ 302	\$ 475	\$ 58,277	\$ 5,851	\$ 9,849	\$ 113,267
Cash equivalents held as collateral for securities on loan	28,687	6,672	-	32,903	-	-	-	-	-	-	-	-	68,262
Accrued interest, dividends, and royalties	403	692	89	2,110	-	-	-	-	525	4	4,014	1	7,838
Securities on loan to borrowers	27,988	6,335	-	31,730	-	-	-	-	-	-	-	-	66,053
Receivable from sale of securities	438	135	-	4,061	-	-	-	-	-	-	-	-	4,634
Mortgage loans and notes receivable (net)	-	-	-	-	-	-	-	-	-	-	14,633	-	14,633
Bonds, at market value	-	-	-	268,020	-	-	-	-	82,357	-	2,593	-	352,970
Equity securities, at market value	345,468	378,315	47,032	-	-	-	-	-	-	-	5,952	-	776,767
Marketable alternatives	-	-	-	-	145,486	-	-	-	-	-	-	-	145,486
Investments in private equity funds	-	-	-	-	-	-	48,442	11,948	-	-	-	-	60,390
Mineral rights and royalties (net)	-	-	-	-	-	-	-	-	-	-	283,479	-	283,479
Real estate (net)	-	-	-	-	-	49,154	-	-	-	-	8,287	-	57,441
Other assets	-	-	-	-	-	-	-	-	-	-	1,840	-	1,840
TOTAL ASSETS	<u>\$414,668</u>	<u>\$400,443</u>	<u>\$47,206</u>	<u>\$354,924</u>	<u>\$145,486</u>	<u>\$50,792</u>	<u>\$49,154</u>	<u>\$12,250</u>	<u>\$83,357</u>	<u>\$58,281</u>	<u>\$326,649</u>	<u>\$ 9,850</u>	<u>\$1,953,060</u>
LIABILITIES													
Accrued liabilities	\$ 684	\$ 382	\$ 7	\$ 146	\$ -	\$ 31	\$ 2	\$ 3	\$ 34	\$ 2	\$ 1,033	\$ 6	\$ 2,330
Liability for collateral held for securities on loan	28,687	6,672	-	32,903	-	-	-	-	-	-	-	-	68,262
Payable for purchase of securities	<u>150</u>	<u>-</u>	<u>-</u>	<u>8,145</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,295</u>
TOTAL LIABILITIES	29,521	7,054	7	41,194	-	31	2	3	34	2	1,033	6	78,887
Distributable income	13	(3)	88	5	(200)	33	(1,756)	(357)	(639)	-	33,030	(90)	30,124
FUNDS ADMINISTERED													
Institutional and annuity and life income funds	293,922	369,410	42,056	305,148	142,200	54,774	44,619	10,746	83,885	58,279	4,498	9,934	1,419,471
Unrealized net gain (loss) on investments	<u>91,212</u>	<u>23,982</u>	<u>5,055</u>	<u>8,577</u>	<u>3,486</u>	<u>(4,046)</u>	<u>6,289</u>	<u>1,858</u>	<u>77</u>	<u>-</u>	<u>288,088</u>	<u>-</u>	<u>424,578</u>
TOTAL FUNDS ADMINISTERED	<u>385,134</u>	<u>393,392</u>	<u>47,111</u>	<u>313,725</u>	<u>145,686</u>	<u>50,728</u>	<u>50,908</u>	<u>12,604</u>	<u>83,962</u>	<u>58,279</u>	<u>292,586</u>	<u>9,934</u>	<u>1,844,049</u>
TOTAL LIABILITIES AND FUNDS ADMINISTERED	<u>\$414,668</u>	<u>\$400,443</u>	<u>\$47,206</u>	<u>\$354,924</u>	<u>\$145,486</u>	<u>\$50,792</u>	<u>\$49,154</u>	<u>\$12,250</u>	<u>\$83,357</u>	<u>\$58,281</u>	<u>\$326,649</u>	<u>\$ 9,850</u>	<u>\$1,953,060</u>
Number of Units in Fund	992,409.487	1,857,777.415	81,777.196	2,488,238.220	1,417,178.299	502,587.356	453,264.121	115,953.513	-	-	-	-	-
Market Value per Share	\$430.28	\$211.75	\$577.16	\$126.09	\$102.66	\$118.53	\$108.44	\$147.87	-	-	-	-	-

*As of December 31, 2014, Domestic Equity Fund owned 72,545.102 units of Equity Index Fund with a market value of approximately \$41.9 million.

Interfund transactions have been eliminated from the respective balance sheets.

Enhanced Cash Fund and Low Duration Fund are maintained at a \$1.00 market value per share.

Funds Administered by Baptist Foundation of Texas

CONSOLIDATING BALANCE SHEETS BY FUND

December 31, 2013

(Dollars in thousands unless otherwise noted)

	* Domestic Equity Fund	International Equity Fund	Equity Index Fund	Group Bond Fund	* Real Estate Fund	Private Equity Fund	* Energy Fund	* Low Duration Fund	* Enhanced Cash Fund	Securities outside Common Funds	Fund of Funds	Balance December 31, 2013
ASSETS												
Cash and cash equivalents	\$ 7,969	\$ 5,484	\$ 175	\$ 32,035	\$ 1,562	\$ 2,453	\$ 249	\$ 337	\$ 76,967	\$ 7,429	\$9,433	\$ 144,093
Cash equivalents held as collateral for securities on loan	3,697	5,437	-	20,529	-	-	-	-	-	-	-	29,663
Equity securities	379,086	441,798	73,478	-	-	-	-	-	-	6,413	-	900,775
Bonds	-	-	-	265,199	-	-	-	81,546	-	3,350	-	350,095
Investments in private equity funds	-	-	-	-	-	41,103	4,052	-	-	-	-	45,155
Accrued interest, dividends, and royalties	429	674	127	1,942	-	-	-	663	2	5,215	-	9,052
Securities on loan to borrowers	3,564	5,127	-	20,075	-	-	-	-	-	-	-	28,766
Receivable from sale of securities	241	3	-	11,304	-	-	-	-	-	-	-	11,548
Mortgage loans and notes receivable	-	-	-	-	-	-	-	-	-	10,124	-	10,124
Real estate, properties and funds	-	-	-	-	49,605	-	-	-	-	22,010	-	71,615
Mineral rights and royalties	-	-	-	-	-	-	-	-	-	288,472	-	288,472
Other	-	-	-	-	-	-	-	-	-	1,761	-	1,761
Total assets	<u>\$394,986</u>	<u>\$458,523</u>	<u>\$73,780</u>	<u>\$351,084</u>	<u>\$ 51,167</u>	<u>\$43,556</u>	<u>\$4,301</u>	<u>\$82,546</u>	<u>\$76,969</u>	<u>\$344,774</u>	<u>\$9,433</u>	<u>\$1,891,119</u>
LIABILITIES												
Accrued liabilities	\$ 655	\$ 441	\$ 10	\$ 155	\$ 21	\$ 3	\$ 3	\$ 32	\$ -	\$ 641	\$ 1	\$ 1,962
Payable for purchase of securities	978	2	-	41,105	-	-	-	-	-	-	-	42,085
Liability for collateral held for securities on Loan	3,697	5,437	-	20,529	-	-	-	-	-	-	-	29,663
Distributable income	<u>49</u>	<u>(9)</u>	<u>126</u>	<u>26</u>	<u>44</u>	<u>(1,763)</u>	<u>-</u>	<u>(603)</u>	<u>-</u>	<u>38,375</u>	<u>(94)</u>	<u>36,151</u>
Total liabilities	5,379	5,871	136	61,815	65	(1,760)	3	(571)	-	39,016	(93)	109,861
FUNDS ADMINISTERED												
Institutional and annuity and life income funds	272,902	384,098	55,900	284,966	60,142	40,154	3,990	82,642	76,969	26,392	9,526	1,297,681
Unrealized net gain (loss) on investments	<u>116,705</u>	<u>68,554</u>	<u>17,744</u>	<u>4,303</u>	<u>(9,040)</u>	<u>5,162</u>	<u>308</u>	<u>475</u>	<u>-</u>	<u>279,366</u>	<u>-</u>	<u>483,577</u>
Total funds administered	<u>389,607</u>	<u>452,652</u>	<u>73,644</u>	<u>289,269</u>	<u>51,102</u>	<u>45,316</u>	<u>4,298</u>	<u>83,117</u>	<u>76,969</u>	<u>305,758</u>	<u>9,526</u>	<u>1,781,258</u>
Total liabilities and funds administered	<u>\$394,986</u>	<u>\$458,523</u>	<u>\$73,780</u>	<u>\$351,084</u>	<u>\$ 51,167</u>	<u>\$43,556</u>	<u>\$4,301</u>	<u>\$82,546</u>	<u>\$76,969</u>	<u>\$344,774</u>	<u>\$9,433</u>	<u>\$1,891,119</u>
Number of Units in Fund	1,166,339.078	2,029,290.217	142,688.947	2,340,905.284	622,546.688	450,678.020	72,986.961	-	-	-	-	-
Market Value per Share	\$392.80	\$223.05	\$517.00	\$123.58	\$106.25	\$96.64	\$123.10	-	-	-	-	-

*As of December 31, 2013, Domestic Equity Fund owned 147,668.849 units of Equity Index Fund with a market value of approximately \$58.9 million. Interfund transactions have been eliminated from the respective balance sheets. Enhanced Cash Fund and Low Duration Fund are maintained at a \$1.00 market value per share.