2014 Annual Report

cru

I am Cru

I am Cru.
I live in the cities and the villages of six continents.
I am staff, student, stepmom and statesman.
I work at the U.N. and a computer help desk.
I teach biology and play on my high-school hockey team.
I am global, I am local, I am Cru.

That's why I'm passionate about connecting people to Jesus Christ.
I am committed to building movements of multiplying disciples,
so that everyone knows someone who truly follows Jesus.
My life is measured not by the number of apples on the tree
but by the number of trees in the seed.
I am Cru.

Augustin leads Cru in Bulawayo, Zimbabwe—a ministry to 8,000 students on two college campuses. He strategically taught three students to pray, study the Bible, talk with others about a relationship with Jesus and to repeat these lessons with new believers.

One student, Masauso, led his friend Gift to Christ and began discipling him. Then Gift introduced Samuel and others to Jesus, including Cynthia—who now has four people in her discipleship group.

In just 11 months' time, Augustin's three students have begun 15 groups that include 60 multiplying disciples. The story of Bulawayo continues.

Zimbabwe

"During the fall of my freshmen year, I came to Dallas for the LSU-Oregon game, tailgating outside of Cowboys Stadium. I was drunk and heading down a scary path. A month later, a staff guy with Cru came and spoke to my fraternity. I've been growing in a relationship with Christ ever since that day. Today, I was at the Cotton Bowl during an evangelistic outreach, and I passed by that VERY same spot outside of Cowboys Stadium where I was my freshman year. This time, I actually got to share my faith in Christ for the first time and walk through the whole gospel with someone."

Texas

Prince Rana and his team in South Asia planned a conference co-sponsored by Cru's church planting strategy and student-led ministry.

Before attending the conference, all college students had to:

1. Share the gospel with at least 20 students.
2. Lead at least five students through the follow-up series.
3. Raise 750 rupees for registration costs.

Anyone interested in church planting needed to:

1. Share the good news of Jesus through 20 film shows.
2. Finish one to seven follow-up stories with at least 10 people.
3. Raise 750 rupees toward registration.

The conference goal was not to just pass along information but rather to equip multiplying leaders. More than 200 attended.

South Asia

Fifteen Cru students from Natal, Brazil, wanted to open a new campus movement in the city of Mossoró, four hours northwest. In January 2014, they planned a mission trip, forming a partnership with a church in Mossoró who housed them during their stay. Before arriving, the students used Facebook to find Christian students in Mossoró. Then they met and trained these new friends to build a spiritual movement in their city. Today, a growing movement of students exists in Mossoró.

Brazil

England

Levi Boyenger is a 29-year-old automotive machinist in Wichita, Kansas. Levi also volunteers with Cru for 20 hours per week, mentoring others, holding leadership trainings, leading men's Bible studies and speaking at Cru meetings.

Levi and his wife, Katie, wanted to expand; they needed a team of volunteers to help. So they invited 16 couples they thought would be capable of expanding and leading Cru. Among them was Levi's co-worker Bob Buller.

"Bob and his wife, Rachel, were the type of couple who sat in church every Sunday, talked to some people and then left," Levi says. "That was all there really was to it, and I wanted to challenge them to become involved and share their faith with others."

Out of the 16 couples Levi and Katie approached, four decided to join as volunteers with Cru, including Bob and Rachel.

"If it wasn't for Levi, I would definitely still be in my comfort zone," Bob says. "I would not be leading Cru. I would not be preaching God's Word in any public place."

Kansas

While at work in Budapest, Balázs Paraszthy saw a website banner that intrigued him—"6 Reasons To Know That God Exists." He clicked on the ad, taking him to an article on the Hungarian version of EveryStudent.com.

For three hours Balázs read every article on the site created by Cru. Eventually he saw a little button inviting him to pray and receive Christ. Balázs clicked the button just to see what would happen. On this screen, he discovered an invitation to ask any question he had about God.

"I wrote my hardest questions and said, 'Let's see if somebody can answer me,' and much to my surprise, I got an answer," Balázs said. After a couple of months of emails, building a relationship with an EveryStudent volunteer, Balázs said, "I just ran out of questions, and I thought, 'OK, I'm convinced, I can't reject it anymore.'"

Balázs started to read the Bible. "I read the whole New Testament in a week. It was really convincing; I had never read the Bible before." Next Balázs began attending church.

"If it wasn't for the digital means, I probably wouldn't be a Christian." He received training, and now volunteers at EveryStudent.hu, answering emails from skeptical nonbelievers and helping them on the journey to know Christ.

More than 2,500 new believers in Hungary, who came to Christ through this website, have now completed an online Bible study created just for them.

Hungary

DIGITAL

Below are a few of Cru's websites where free resources are provided to help win, build and send.

- **GodTools App** (19 languages)
  Use your smart phone in personal evangelism.

- **EveryStudent.com** (35 languages)
  Articles that provide answers for atheists and new believers as they look for answers on the Internet. Allows them to have personal email interaction if they desire.

- **TalmazaOnline.com** (Arabic discipleship)

Photograph courtesy Kolo GroupUlpa derchicia

- **globalshortfilmnetwork.com** (evangelistic short films—anywhere from 1 to 15 minutes in length—viewable on smart phones and tablets)

- **Jesus Film App** (the whole film and others available in 1,100 languages)

Korea

During the Sochi Winter Olympics, Athletes in Action® and The JESUS Film Project® (both ministries of Cru) partnered together to produce mobile evangelistic tools. The faith stories of eight competing Olympians were viewable on any cell phone, tablet or laptop, and added to other video clips available in 1,100 languages. Believers around the world could create evangelistic conversations with friends and strangers around the subject of the Olympics.

“In less than six months, I was able to win about 337 new people for Christ. I was also able to start seven new groups [of believers wanting to learn more about their faith]. Each group consists of about 15 to 20 people and has already begun training at least one new group each.”

Guatemala

Nepal

Photograph by Joel Dasalla, Cru

From the President

These are exciting times to be involved in ministry. God is moving today in remarkable ways. Many mission organizations are working together with one mind, heart and spirit to help fulfill Christ's Great Commission to make disciples of all nations.

In India, for example, the Seed Company (part of Wycliffe Bible Translators®) and The JESUS Film Project® collaborated on translating a portion of the gospel of Luke and lip-syncing that into *The JESUS Film*. The project started with absolutely no words in Luke translated into the language involved. In six weeks the *JESUS* film was playing in that language!

A few years ago we helped found a partnership to plant house churches/fellowships where there are none. The 30 partners have planted about 400,000 such churches in the last five years and are trusting God to plant 5 million altogether by the end of 2020.

Our ministry to students is expanding rapidly to new campuses. Special teams have been formed to travel to campuses where there are not yet movements to win, build and send students. We dream of motivating, equipping and coaching students on half of the campuses on earth by the end of 2020.

The Global Digital Strategies area is experimenting with some breakthrough new ideas to find and mobilize millions of multiplying disciples. It is our dream that those kinds of disciples will be shining like a light and ministering to all who are around them.

Obviously, being involved in such large endeavors requires us to operate in a financially credible fashion. What you read in this annual report is a record of how God has blessed us financially and how we have sought to handle those finances. We are audited by one of the largest accounting firms in the world. We have an audit committee composed entirely of outside directors. We are a charter member of the Evangelical Council for Financial Accountability and continue to conform to its standards.

Thank you so much for your interest in our ministry. I hope this report is helpful to you as we work together to help fulfill the Great Commission.

Steve Douglass

Steve Douglass
President
Cru and Campus Crusade for Christ International, Inc.

FINANCIAL HIGHLIGHTS

	2014	2013	2012	2011
United States Revenues	$ 537,908,000	$ 543,658,000	$ 527,635,000	$ 519,359,000
Operating Change in Net Assets*	$ 14,602,000	$ 29,291,000	$ 7,355,000	$ (2,852,000)
Non-Operating Change in Net Assets*	$ (4,891,000)	$567,000	$ (13,164,000)	$ 31,425,000
Total Change in Net Assets	$ 9,711,000	$ 29,858,000	$ (5,809,000)	$ 28,573,000
International Revenues**	$ 155,858,000	$ 145,591,000	$ 139,554,000	$ 153,826,000
World Revenues (U.S. and International)	$ 693,766,000	$ 689,249,000	$ 667,189,000	$ 673,185,000
Fund-Raising Expenses***	8.7%	7.8%	8.6%	8.2%
General and Administrative Expenses***	8.1%	8.2%	7.2%	7.1%
Average Size of Gift Received	$ 124	$ 124	$ 122	$ 120
Most Frequent Contribution	$ 50	$ 50	$ 50	$ 50
Average Staff Family's Monthly Compensation	$ 5,518	$ 5,427	$ 5,295	$ 5,233
Average Staff Single's Monthly Compensation	$ 2,110	$ 2,082	$ 2,055	$ 2,055

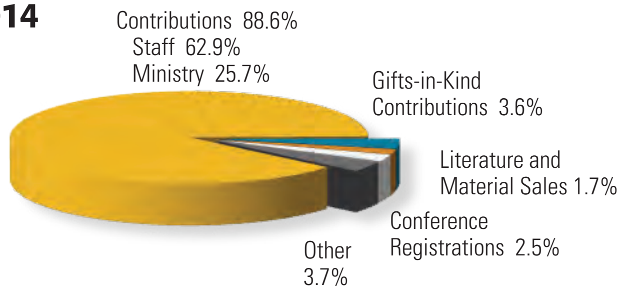
*Operating change in net assets excludes Pension and Derivative expenses. Non-Operating change in net assets includes Pension and Derivative expenses.

**International revenues reflect monies raised by ministries associated with Campus Crusade for Christ, Inc., and who cooperate with us in our efforts outside of the United States. These funds are audited, in large part, in the respective countries, not by our U.S. auditors.

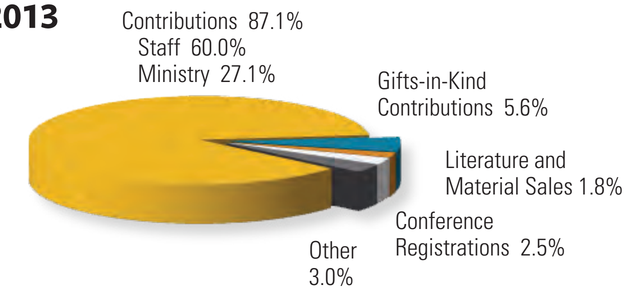
***Fund-raising expenses are shown as a percentage of contributions. General and administrative expenses are shown as a percentage of total functional expenses.

SOURCES OF U.S. REVENUES

2014

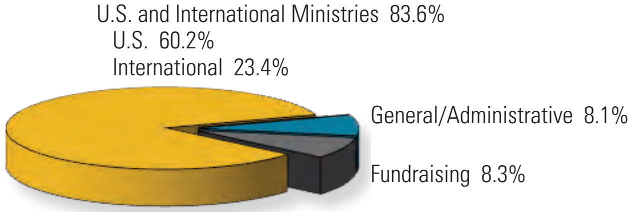


2013

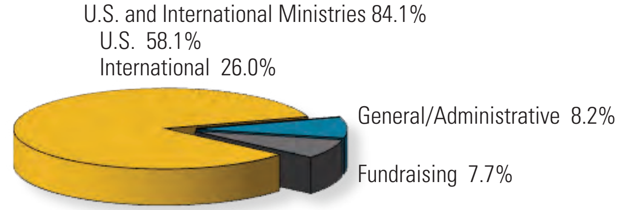


USES OF FUNDS

2014



2013



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors
Campus Crusade for Christ, Inc.

We have audited the accompanying consolidated financial statements of Campus Crusade for Christ, Inc. and subsidiaries (the Ministry), which comprise the consolidated statements of financial position as of August 31, 2014 and 2013, and the related consolidated 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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of 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 did not audit the financial statements of Family Life, Great Commission Foundation, New Life Insurance Co., and GAiN International, wholly-owned subsidiaries, which statements reflect total assets constituting 23% in 2014 and 24% in 2013 and total revenues constituting 11% in 2014 and 12% in 2013 of the related consolidated totals. In addition, we did not audit the financial statements of The King's College, which statements comprise 100% of the amounts reported as discontinued operations in 2013. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for FamilyLife, The King's College, Great Commission Foundation, New Life Insurance Co., and GAiN International, is based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 entity'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 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 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, based on our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Ministry as of August 31, 2014 and 2013, and the consolidated changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Ernst & Young LLP

Orlando, Florida
January 19, 2015

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In Thousands)
August 31, 2014 and 2013

		2014	2013
ASSETS	Cash and cash equivalents	**$ 38,357**	$ 54,623
	Investments	**126,945**	86,904
	Accounts and other receivables	**8,660**	9,847
	Inventories	**3,772**	4,171
	Gifts-in-kind inventories	**5,287**	6,809
	Property held for sale	**1,591**	1,549
	Restricted cash and investments	**4,870**	4,895
	Prepaid and other assets	**17,610**	16,753
	Property and equipment:		
	Land and land improvements	**12,159**	12,502
	Buildings and improvements	**87,671**	87,391
	Furniture and equipment	**41,502**	38,648
	Total property and equipment	**141,332**	138,541
	Accumulated depreciation	**(75,140)**	(68,769)
	Net property and equipment	**66,192**	69,772
	Total assets	**$ 273,284**	$ 255,323
LIABILITIES AND NET ASSETS	Liabilities:		
	Accounts payable	**$ 7,081**	$ 6,699
	Accrued salaries and related expenses	**19,259**	20,503
	Long-term severance and disability	**29,128**	26,174
	Other accrued liabilities	**18,571**	16,733
	Pension liability	**17,527**	11,399
	Long-term debt	**24,512**	26,320
	Total liabilities	**116,078**	107,828
	Net assets:		
	Unrestricted	**147,556**	137,904
	Temporarily restricted	**7,150**	7,091
	Permanently restricted	**2,500**	2,500
	Total net assets	**157,206**	147,495
	Total liabilities and net assets	**$ 273,284**	$ 255,323

See accompanying notes.

CONSOLIDATED STATEMENT OF ACTIVITIES

(*In Thousands*)
Year Ended August 31, 2014

2014	**Unrestricted**	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Revenues:				
Contributions	$ 474,512	$ 2,039	$ –	$ 476,551
Gifts-in-kind contributions	19,321	–	–	19,321
Literature and material sales	9,241	–	–	9,241
Conference registrations	13,154	–	–	13,154
Other income	19,101	540	–	19,641
Net assets released from restrictions	2,520	(2,520)	–	–
Total revenues	537,849	59	–	537,908
Expenses:				
Operating expenses:				
Campus	161,323	–	–	161,323
Community	106,042	–	–	106,042
Coverage	47,833	–	–	47,833
International ministries	122,439	–	–	122,439
General and administrative	42,376	–	–	42,376
Fundraising	43,293	–	–	43,293
Total expenses	523,306	–	–	523,306
Change in net assets before other changes	14,543	59	–	14,602
Other changes:				
Change in fair value of interest rate swaps	510	–	–	510
Pension-related changes	(5,401)	–	–	(5,401)
Change in net assets	9,652	59	–	9,711
Net assets – beginning of year	137,904	7,091	2,500	147,495
Net assets – end of year	$ 147,556	$ 7,150	$ 2,500	$ 157,206

See accompanying notes.

CONSOLIDATED STATEMENT OF ACTIVITIES

(In Thousands)
Year Ended August 31, 2013

2013	**Unrestricted**	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Revenues:				
Contributions	$ 470,417	$ 3,240	$ –	$473,657
Gifts-in-kind contributions	30,218	–	–	30,218
Literature and material sales	9,791	–	–	9,791
Conference registrations	13,694	–	–	13,694
Other income	15,979	319	–	16,298
Net assets released from restrictions	1,557	(1,557)	–	–
Total revenues	541,656	2,002	–	543,658
Expenses:				
Operating expenses:				
Campus	149,819	–	–	149,819
Community	94,637	–	–	94,637
Coverage	54,729	–	–	54,729
International ministries	133,616	–	–	133,616
General and administrative	42,243	–	–	42,243
Fundraising	39,323	–	–	39,323
Total expenses	514,367	–	–	514,367
Change in net assets before other changes	27,289	2,002	–	29,291
Other changes:				
Change in fair value of interest rate swaps	1,179	–	–	1,179
Pension-related changes	6,624	–	–	6,624
Change in net assets before effects of discontinued operations	35,092	2,002	–	37,094
Gain (loss) on operations of discontinued component (including separation loss)	1,420	(7,906)	(750)	(7,236)
Change in net assets	36,512	(5,904)	(750)	29,858
Net assets – beginning of year	101,392	12,995	3,250	117,637
Net assets – end of year	$ 137,904	$ 7,091	$ 2,500	$147,495

See accompanying notes.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands)
Year ended August 31, 2014 and 2013

	2014	2013
Operating activities		
Change in net assets	**$ 9,711**	$ 29,858
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**7,442**	6,656
Pension-related changes	**6,128**	(6,250)
Net realized and unrealized gains on investments	**(9,100)**	(4,686)
Loss on sale of property held for sale	**8**	483
Loss on disposal of fixed assets	**1,272**	1,013
Loss on disposal of other assets	**12**	–
Change in fair value of interest rate swaps	**(510)**	(1,179)
Gifts of property held for sale	**(109)**	(1,219)
Separation loss	**–**	12,823
Changes in operating assets and liabilities:		
Contributions receivable	**–**	(10,452)
Accounts and other receivables	**1,187**	(5,513)
Inventories	**1,921**	(803)
Prepaid expenses	**(27)**	(169)
Other assets	**(1,229)**	(5,285)
Accounts payable	**382**	465
Pension liability	**–**	(1,506)
Accrued salaries and related expenses	**(1,244)**	6,822
Long-term severance and disability	**2,954**	(1,898)
Other accrued liabilities	**2,348**	4,184
Net cash provided by continuing operating activities	**21,146**	23,344
Net cash used in discontinued operations	**–**	(2,235)
Net cash provided by operating activities	**21,146**	21,109
Investing activities		
Sales and maturities of investments	**23,516**	34,480
Purchases of investments	**(54,434)**	(35,569)
Purchases of intangible assets	**(231)**	(129)
Capital expenditures	**(4,514)**	(2,905)
Proceeds from sale of property held for sale	**59**	1,360
Net cash used in continuing investing activities	**(35,604)**	(2,763)
Net cash provided by discontinued investing activities	**–**	899
Net cash used in investing activities	**(35,604)**	(1,864)
Financing activities		
Net proceeds from long-term debt	**7,880**	946
Payments on long-term debt	**(9,688)**	(2,864)
Net cash used in continuing financing activities	**(1,808)**	(1,918)
Net cash used in discontinued financing activities	**–**	(5,500)
Net cash used in financing activities	**(1,808)**	(7,418)
Net (decrease) increase in cash and cash equivalents	**(16,266)**	11,827
Cash and cash equivalents – beginning of year	**54,623**	42,796
Cash and cash equivalents – end of year	**$ 38,357**	$ 54,623
Supplemental disclosures of cash flow information		
Interest paid	**$ 467**	$ 767

See accompanying notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(*In Thousands*)
August 31, 2014

1. Summary of Significant Accounting Policies

Organization Campus Crusade for Christ, Inc., operating in the U.S. as Cru, and its subsidiaries (the Ministry) is an interdenominational, Christian evangelistic and discipleship ministry with the objective of helping the church fulfill the Great Commission (Matthew 28:18-20) in this generation.

The Ministry is organized as a not-for-profit entity under the General Non-Profit Corporation Law of the State of California. Exemption from federal income taxation under Section 501(c)(3) of the Internal Revenue Code and a similar exemption from California franchise taxation have been obtained.

The Ministry operates throughout the United States and provides ministry and financial assistance to associated ministries serving in virtually every major country, representing most of the world's population. Donations received by the Ministry in the United States are disbursed in part through international area offices.

Principles of Consolidation The consolidated financial statements include the accounts of Campus Crusade for Christ, Inc. and its not-for-profit U.S. affiliates in which the Ministry has a controlling interest and its U.S. for-profit and not-for-profit subsidiaries. Certain international offices are not consolidated in the consolidated financial statements since the Ministry has control or an economic interest, but not both. All intercompany balances have been eliminated in consolidation.

Basis of Presentation Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by explicit donor-imposed restrictions and the donor restrictions are not met in the same reporting period as the donation. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions, including unconditional promises to give, are recognized as revenues in the period made or received. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of gift. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contributions revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided when, based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fundraising activity, an allowance is considered necessary.

The Ministry reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted contributions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Ministry reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Cash and Cash Equivalents Cash and cash equivalents include unrestricted cash and financial instruments with maturities of three months or less at date of acquisition. The majority of the Ministry's cash equivalents are invested in money market accounts and certificate of deposit accounts. The majority of cash is maintained in cash accounts with large financial institutions where accounts are guaranteed by the Federal Deposit Insurance Corporation up to $250. The Ministry does have some cash accounts that exceed the federally insured amount. The Ministry does not anticipate nonperformance by these financial institutions.

Inventories Inventories are presented at the lower of cost (first-in, first-out method) or market and consist principally of books, literature, CDs, and DVDs.

Gift-in-Kind Inventories Gift-in-kind inventories consist primarily of items such as clothing, medical supplies, school supplies, and other materials donated. Donated inventory is recorded at fair value on the date of donation. The fair value of the donated materials is based upon estimated wholesale value of gifts received. To determine wholesale value, the Ministry obtains the value of the item from sources such as the internet, industry publications, or other nonprofit organizations.

Investments The Ministry has a cash management program that provides for the investment of excess cash in highly liquid interest-bearing investments and marketable securities. Investment income consists of interest and dividends received on investments and realized and unrealized gains and losses. Investments in marketable equity securities and debt securities, including mutual funds, are recorded at their estimated fair values, which are based on quoted market prices or recognized pricing services. Alternative investments, if any, are stated at fair value, as estimated, using net asset value. Fair value for alternative investments may be based on historical cost, appraisals, or estimates that require varying degrees of judgment.

The Ministry maintains an Investment Policy Statement (IPS) approved by the Board of Directors that governs the investment of ministry funds. The Ministry also retains an independent Investment Advisory Consultant who advises management and the board on the investment of ministry funds within the IPS parameters. The Investment Advisory Consultant assists with finding and retaining appropriate investment vehicles and managers. The primary objective of the Ministry's investments is preserving the purchasing power of ministry funds with a secondary objective of long-term capital growth.

Interest Rate Swap Agreements The interest rate swap agreements included in the accompanying consolidated statements of financial position are presented at fair value. The change in the fair value of the interest rate swap agreements is reported in the accompanying consolidated statements of activities.

Property Held for Sale Property held for sale includes land, buildings, and improvements and is presented at acquisition cost, which does not exceed estimated fair value less cost to sell. Property held for sale includes property that meets certain criteria, including that it is probable that these assets will be sold within one year. Those assets held for sale where disposal is not probable within one year remain in land, buildings, and improvements until their sale is probable within one year.

Property and Equipment Property and equipment are located primarily at the Ministry's World Headquarters at Lake Hart in Orlando, Florida, and its former headquarters in Arrowhead Springs, California. Property and equipment are presented at historical cost. Depreciation is determined using the straight-line method over the estimated useful lives of the related assets, ranging from 3 to 40 years. Amortization of leased assets is included as a component of depreciation expense. For the years ended August 31, 2014 and 2013, depreciation expense was $6,805 and $6,029, respectively. As of August 31, 2014 and 2013, the Ministry had unamortized software costs totaling $5,469 and $7,002, respectively.

Intangible Assets Intangible assets consist primarily of contract rights, intellectual property, and master tapes relating to the *JESUS* film but also include film projects under production and website development. Intangible assets relating to the *JESUS* film, and similar intangible assets, are being amortized on a straight-line basis over their useful lives (10 to 20 years). Intangible assets are evaluated for impairment annually, or more frequently if events or changes in circumstances indicate the asset may be impaired. The amount of impairment, if any, is measured based upon the difference between the asset's carrying value and its fair value. Intangible assets are included, net of accumulated depreciation, in prepaid and other assets in the accompanying consolidated statements of financial position. At August 31, 2014 and 2013, intangible assets were $7,105 and $7,505, respectively. For the years ended August 31, 2014 and 2013, amortization expense was $620 and $627, respectively. Intangible assets will be amortized over future periods approximately as follows:

Years ending August 31:	
2015	$ 612
2016	563
2017	515
2018	503
2019	473
Thereafter	4,439
	$ 7,105

Income Taxes The Ministry is organized as a not-for-profit entity under the General Non-Profit Corporation Law of the State of California. The Internal Revenue Service (IRS) has determined that the Ministry is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. As a qualified tax-exempt organization, the Ministry must operate in conformity with the Internal Revenue Code in order to maintain its tax-exempt status. The Ministry is also exempt from state corporate income tax.

Severance Pay The Ministry records an accrual for future severance payments based on several factors and estimates, including eligibility and length of service. The estimated liability for severance pay is included in long-term severance and other accrued liabilities in the accompanying consolidated statements of financial position. At August 31, 2014 and 2013, the Ministry recorded $17,476 and $16,445, respectively, in accrued severance pay.

Liability for Losses and Loss Adjustment Expenses New Life Insurance Co. (New Life) is a wholly owned subsidiary of the Ministry, incorporated under the laws of the state of Vermont as a pure captive. New Life was formed to provide comprehensive workers' compensation, general liability, and auto liability coverages for the Ministry. New Life records liabilities for unpaid losses and loss adjustment expenses, which comprise case basis estimates of reported losses, plus incurred but not reported losses calculated based upon loss projections using industry data and past claims history. In establishing the liability for losses and loss adjustment expenses, New Life uses industry data and past claims history and uses the findings of an independent consulting actuary. Management believes that its aggregate liability for unpaid losses and loss adjustment expenses as of August 31, 2014 and 2013, represents its best estimate, based upon the available data, of the amount necessary to cover the ultimate cost of losses. As of August 31, 2014 and 2013, the accrued liability for losses and loss adjustment expenses was approximately $4,854 and $3,829, respectively, which is included in long-term severance and other accrued liabilities in the accompanying consolidated statements of financial position.

In order for New Life to maintain its license in Vermont as a pure captive, it has to maintain a minimum of unimpaired capital of $250. As of August 31, 2014 and 2013, New Life's surplus was approximately $10,934 and $10,455, respectively.

Liabilities for Annuities and Trusts For irrevocable split-interest arrangements such as charitable gift annuities and charitable remainder trusts in which the Ministry is trustee or custodian, a liability is recognized related to the present value of benefits payable to other beneficiaries. At August 31, 2014 and 2013, the liability for annuities and trusts was $3,279 and $3,467, respectively, which is included in long-term severance and other accrued liabilities in the accompanying consolidated statements of financial position. For all irrevocable split-interest arrangements, regardless of whether the Ministry acts as trustee or custodian, contribution revenue related to split-interest agreements totaling $148 and $178 as of August 31, 2014 and 2013, respectively, is recognized for the estimated present value of the Ministry's benefits (if any) under the arrangements in the year the arrangements are established or in the year in which the Ministry is provided sufficient information about the existence and nature of the arrangements. Periodic adjustments are made for changes in estimated present values, using applicable mortality tables and discount rates that vary from approximately 3% to 6%. Funds held pursuant to split-interest trust agreements consist primarily of investments, which are carried at fair value.

These funds totaled $127 and $121 at August 31, 2014 and 2013, respectively, and are included in investments in the accompanying consolidated statements of financial position.

Functional Allocation of Expenses The costs of providing for various programs and other activities have been summarized on a functional basis in the accompanying consolidated statements of activities. Accordingly, certain costs have been allocated among the ministries and supporting services benefited.

Among the costs allocated for functional expense purposes, staff member expenses are the largest costs allocated and include the costs of their salary, training, ministry, and fundraising.

The portion of total staff member expenses associated with fundraising and ministry to supporters is calculated as a function of yearly time spent by staff in these endeavors and is allocated one-half to fundraising and one-half to community ministries. The community portion represents time spent in ministry to supporters and building public awareness of Campus Crusade for Christ ministries. The balance of staff costs, after fundraising expenses have been deducted, is allocated to the other functional categories on the basis of the number of staff assigned to each category.

Fundraising Costs associated with fundraising activities are shown as fundraising expenses in the accompanying consolidated statements of activities. Included are all direct costs associated with fundraising activities and allocable costs of activities that include both fundraising and program or management and general functions.

Use of Estimates The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from these estimates.

Consolidated Statements of Activities Classification The Ministry classifies program activities in the United States into three categories: Campus, Community, and Coverage. Campus activity includes ministry focused on school campuses or to students through college age. Community activity includes ministry to nonstudent groups of similar types, such as military, inner-city churches, athletes, and others. Campus and Community ministries typically include both evangelistic and discipleship efforts. Coverage ministries target broad audiences through wide-scale evangelistic activity. International ministries reflect U.S. funds spent on ministry activity internationally in all three of the Campus, Community, and Coverage components. Many of the Ministry's larger ministries have activities in multiple areas.

Reclassifications Certain prior year amounts have been reclassified to conform with current year presentation.

2. Contributions Receivable

At August 31, 2014 and 2013, the Ministry has approximately $46,380 and $47,973, respectively, in conditional long-term promises to give for general ministry purposes based upon the availability of resources of the donor. Accordingly, these amounts are not recognized by the Ministry in the accompanying consolidated financial statements. These amounts will be recognized as the donor-imposed conditions are met in future years.

From time to time, the Ministry is informed of intentions to give by prospective donors. Such expressions of intent are revocable and unenforceable. The ultimate value of these expressions has not been established, nor have the expressions been recognized in the accompanying consolidated financial statements.

3. Investments

Investments at August 31 were as follows:

2014	Cost	Net Unrealized Gains (Losses)	Fair Value	%
Investments				
Equity securities:				
Doestic equity	$ 5,023	$ 1,835	$ 6,858	6%
Mutual funds invested in equity securities	35,698	4,573	40,271	32
Mutual funds invested in debt securities	12,395	785	13,180	10
Total equity securities	53,116	7,193	60,309	48
Debt securities:				
U.S. treasury securities	10,368	18	10,386	8
U.S. government agencies and sponsored entities	1,987	14	2,001	2
Corporate bonds	13,625	(59)	13,566	11
Foreign issues	—	—	—	—
Mutual funds	20,063	—	20,063	16
Municipalities	272	1	273	—
Asset/mortgage-backed securities	18,165	(167)	17,998	14
Other	1,631	(1)	1,630	1
Total debt securities	66,111	(194)	65,917	52
Alternative investments	592	—	592	—
Investments held in charitable remainder trusts				
Equity securities:				
Mutual funds invested in equity securities	126	—	126	—
Mutual funds invested in debt securities	1	—	1	—
Total securities	127	—	127	—
Total investments	$119,946	$ 6,999	$126,945	100%

2013	Cost	Net Unrealized Gains (Losses)	Fair Value	%
Investments				
Equity securities:				
Doestic equity	$ 4,059	$ 1,454	$ 5,513	6%
Mutual funds invested in equity securities	32,234	476	32,710	38
Mutual funds invested in debt securities	3,269	(179)	3,090	4
Total equity securities	39,562	1,751	41,313	48
Debt securities:				
U.S. treasury securities	14,854	(272)	14,582	17
U.S. government agencies and sponsored entities	3,630	2	3,632	4
Corporate bonds	11,928	7	11,935	14
Foreign issues	154	(1)	153	—
Municipalities	259	(2)	257	—
Asset/mortgage-backed securities	12,422	(160)	12,262	14
Other	2,058	(1)	2,057	2
Total debt securities	45,305	(427)	44,878	51
Alternative investments	592	—	592	1
Investments held in charitable remainder trusts				
Equity securities:				
Mutual funds invested in equity securities	120	—	120	—
Mutual funds invested in debt securities	1	—	1	—
Total securities	121	—	121	—
Total investments	$85,580	$ 1,324	$ 86,904	100%

At August 31, 2014, the Ministry held investments exceeding 5% of the total investment portfolio in a fixed income fund, totaling 13.7% of total investments, and in a debt security fund, totaling 15.8%. At August 31, 2013, the Ministry held investments exceeding 5% of the total investment portfolio in a fixed income fund, totaling 14.7% of total investments.

Mutual funds included approximately $5,078 and $4,544 of annuity related investments as of August 31, 2014 and 2013, respectively.

Investment income for the years ended August 31 is included in other income in the accompanying consolidated statements of activities and consists of the following:

	2014	2013
Investment income	$2,785	$2,500
Net realized gains on the sale of investments	886	2,748
Net unrealized gains on investments	5,850	65
	$9,521	$5,313

4. Fair Value Measurements

The ministry values its financial instruments based on fair value, which is defined as the price that would be received for selling an asset or paid to transfer a liability in an arm's-length, orderly transaction between market participants at the measurement date. The following methods and assumptions were used to estimate fair value for the following classes of financial instruments.

Cash and cash equivalents, accounts and other receivables, prepaid and other assets, accounts payable, and accrued salaries and related expenses have a carrying amount that is a reasonable estimate of the fair value because of the short maturity of these instruments. The carrying amount of the Ministry's long-term debt approximates fair value based on the estimated market price of similar debt instruments.

The Ministry follows Accounting Standards Codification (ASC) 820, *Fair Value Measurement,* which provides a framework for measuring the fair value of assets and liabilities in an orderly transaction between market participants at the measurement date. ASC 820 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

Certain of the Ministry's financial assets and financial liabilities are measured at fair value on a recurring basis, including certain cash equivalents and interests in split-interest agreements. The three levels of the fair value hierarchy defined by ASC 820 and a description of the valuation methodologies used for instruments measured at fair value are as follows:

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Ministry has the ability to access.

Level 2 – Financial assets and liabilities whose values are based on pricing inputs that are either directly observable or that can be derived or supported from observable data as of the reporting date. Level 2 inputs may include quoted prices for similar assets or liabilities in non-active markets or pricing models whose inputs are observable for substantially the full term of the asset or liability.

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques which require inputs that are both significant to the fair value of the financial asset or financial liability and are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The fair value of the financial assets and liabilities that are measured at fair value on a recurring basis was determined using inputs comprising the following at August 31, 2014:

2014	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments				
Equity securities:				
Domestic equity	$ 6,858	$ —	$ —	$ 6,858
Mutual funds invested in equity securities	40,271	—	—	40,271
Mutual funds invested in mixed securities	13,180	—	—	13,180
Total equity securities	60,309	—	—	60,309
Debt securities:				
U.S. treasury securities	10,386	—	—	10,386
U.S. government agencies and sponsored entities	113	1,888	—	2,001
Corporate bonds	81	13,485	—	13,566
Mutual funds	20,063	—	—	20,063
Municipalities	—	273	—	273
Asset/mortgage-backed securities	—	17,998	—	17,998
Other	1,630	—	—	1,630
Total debt securities	32,273	33,644	—	65,917
Alternative investments	—	—	592	592
Investments held in split-interest trust agreements				
Equity securities:				
Mutual funds invested in equity securities	126	—	—	126
Mutual funds invested in debt securities	1	—	—	1
Total equity securities	127	—	—	127
Total investments	$ 92,709	$ 33,644	$ 592	$126,945
Liabilities				
Interest-rate swap	$ —	$ (1,422)	$ —	$ (1,422)
Split-interest trust agreements	—	(3,044)	—	(3,044)
Total liabilities	$ —	$ (4,466)	$ —	$ (4,466)

The fair value of the financial assets that are measured at fair value on a recurring basis was determined using inputs comprising the following at August 31, 2013:

2013	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments				
Equity securities:				
Domestic equity	$ 5,513	$ —	$ —	$ 5,513
Mutual funds invested in equity securities	32,710	—	—	32,710
Mutual funds invested in mixed securities	3,090	—	—	3,090
Total equity securities	41,313	—	—	41,313
Debt securities:				
U.S. treasury securities	14,582	—	—	14,582
U.S. government agencies and sponsored entities	105	3,527	—	3,632
Corporate bonds	—	11,865	70	11,935
Foreign issues	—	153	—	153
Municipalities	—	257	—	257
Asset/mortgage-backed securities	—	12,262	—	12,262
Other	2,057	—	—	2,057
Total debt securities	16,744	28,064	70	44,878
Alternative investments	—	—	592	592
Investments held in split-interest trust agreements				
Equity securities:				
Mutual funds invested in equity securities	120	—	—	120
Mutual funds invested in debt securities	1	—	—	1
Total equity securities	121	—	—	121
Total investments	$ 58,178	$ 28,064	$ 662	$86,904
Liabilities				
Interest-rate swap	$ —	$ (1,932)	$ —	$ (1,932)
Split-interest trust agreements	—	(3,220)	—	(3,220)
Total liabilities	$ —	$ (5,152)	$ —	$ (5,152)

The Ministry did not have any significant transfers between Level 1 and Level 2, or between Level 2 and Level 3 investments for the years ended August 31, 2014 and 2013, respectively.

The following is a reconciliation of investments in which significant unobservable inputs (Level 3), as described above, were used in determining estimated fair value:

	2014	**2013**
Beginning balance, August 31	$ 662	$ 942
Additions	–	70
Distributions	(70)	(350)
Ending balance, August 31	$ 592	$ 662

5. Restricted Cash and Investments

Restricted cash and investments consist of funds invested in highly liquid interest-bearing investments and marketable securities and are reported at fair value. Investment income, which is unrestricted, including unrealized losses on restricted investments, was approximately $421 and $296 for the years ended August 31, 2014 and 2013, respectively, and is included in other income on the accompanying consolidated statements of activities. Cash and investments are restricted for the following purposes at August 31:

	2014	**2013**
Endowments	$ 2,500	$ 2,500
Reinsurance security trust account	2,370	2,395
	$ 4,870	$ 4,895

6. Prepaid and Other Assets

Prepaid and other assets comprise the following at August 31 as follows:

	2014	2013
Prepaid expenses	$ 1,842	$ 1,819
Intangible assets	7,105	7,505
Other assets	8,663	7,429
	$ 17,610	$ 16,753

7. Long-Term Severance and Disability

Long-term severance and disability liabilities comprise the following at August 31 as follows:

	2014	2013
Long-term severance pay	$ 17,476	$ 16,445
Long-term disability plan	11,652	9,729
	$ 29,128	$ 26,174

The ministry has a self-funded long-term disability plan. At August 31, 2014 and 2013, the plan liability totaled $11,652 and $9,729, respectively. The calculated liability is a "fully funded" liability representing the amount necessary to cover known claimants in a one-time payment.

8. Other Accrued Liabilities

Other accrued liabilities comprise the following at August 31 as follows:

	2014	2013
Liability for annuities and trusts	$ 3,279	$ 3,467
Deferred revenues	25	748
Liability for loss and loss adjustment expense	4,854	3,829
Interest rate swap agreements	1,422	1,932
Pledge payable to The King's College *(Note 21)*	4,728	5,572
Other liabilities	4,263	1,185
	$ 18,571	$ 16,733

The Ministry is exposed to credit loss in the event of nonperformance by the other parties to its derivative financial instruments. The Ministry limits this exposure by entering into agreements directly with major financial institutions that meet its credit standards and that are expected to satisfy their obligations under these contracts. The Ministry is exposed to market risks relating to fluctuations in interest rates. The Ministry may mitigate this risk by paying down additional outstanding balances on its variable rate loans, refinancing with fixed rate permanent debt, or obtaining cash flow hedge instruments. The Ministry utilized interest rate swap agreements as a risk management tool to manage a portion of its interest rate exposure. The principal objective of the swap agreements is to minimize the risks and costs associated with financial activities. The Ministry does not use financial instruments for trading purposes. The Ministry specifically designates interest rate swap hedges of outstanding debt instruments and recognizes interest differentials in the period they occur. The Ministry views derivative financial instruments as a risk management tool in the prudent operation of its business.

The Ministry has two interest rate swap agreements. The two interest rate swap agreements were valued at $(1,422) and $(1,932), at August 31, 2014 and 2013, respectively. The swap agreements have termination dates of April 1, 2019 and July 1, 2019. Interest rate swaps are recorded in the consolidated statements of financial position in long-term severance and other accrued liabilities. The change in fair value of the swap agreements was approximately $510 and $1,179 for the years ended August 31, 2014 and 2013, respectively, which is included in the accompanying consolidated statements of activities.

9. Long-Term Debt

Long-term debt at August 31 consisted of the following:

	2014	2013
Note payable to a bank due in monthly installments through April 2019. The Ministry has entered into an interest rate swap agreement with a bank, which fixes the interest rate on the full amount outstanding at 6.78% for the life of the loan. Monthly payments include principal ranging from $120 to $165, plus interest. The debt is a variable rate term note and is collateralized by long-term investments.	$ 7,880	$ —
Bonds payable due November 2019. The Ministry has entered into an interest rate swap agreement with a bank, which fixes the interest rate on the full amount outstanding at 6.78% for the life of the loan. Monthly payments include principal ranging from $95 to $105, plus interest. The debt is a variable rate demand obligation and is collateralized by a letter of credit, which renews annually, and the World Headquarters at Lake Hart. This debt was extinguished during 2014.	—	9,045
Unsecured line of credit with a bank due June 2019, of up to $12,000. Interest payments are payable monthly at a variable rate equal to 2.75% over the one-month LIBOR. Principal payments are due from time to time, such that the outstanding balance does not exceed the maximum of $12,000.	—	—
Note payable to a bank due June 2019. The Ministry has entered into an interest rate swap agreement with a bank, which fixes the interest rate on the full amount outstanding at 3.43% for the life of the loan. The loan has a 20-year amortization. The note is collateralized by the World Headquarters at Lake Hart.	15,155	—
Note payable to a bank due August 2014. The Ministry has entered into an interest rate swap agreement with a bank, which fixes the interest rate on the full amount outstanding at 5.57% for the life of the loan. The loan has a 20-year amortization. The note is collateralized by the World Headquarters at Lake Hart. This debt was modified and consolidated with another obligation during 2014.	—	11,605
Note payable to a bank due August 2014. The Ministry has entered into an interest rate swap agreement with a bank, which fixes the interest rate on the full amount outstanding at 5.57% for the life of the loan. The loan has a 20-year amortization. The note is collateralized by land owned adjacent to the World Headquarters at Lake Hart. This debt was modified and consolidated with another obligation during 2014.	—	4,126
Note payable to a bank. Variable interest rate of one-month LIBOR plus 2.25% payable in monthly installments of principal and interest through July 2018.	898	946
Note payable to a trust. Interest rate at 6.5% payable in monthly installments of principal and interest through August 2030. The note is collateralized by the property at South Lake Tahoe, California (included in property and equipment).	546	565
Other notes and contracts payable at various interest rates and maturity dates.	33	33
	$ 24,512	$ 26,320

The Ministry must meet certain contractual covenants in order to be in compliance with its long-term debt agreements. During 2014, the Ministry extinguished its bonds payable that was due November 2019, with a bank note payable due April 2019, and modified and refinanced its notes payable due August 2014.

The World Headquarters at Lake Hart, which is used as collateral on long-term debt, has a carrying value of $31,184 and $32,289 for the years ended August 31, 2014 and 2013, respectively.

Long-term debt at August 31, 2014, matures approximately as follows:

Years ending August 31:	
2015	$ 2,314
2016	2,420
2017	2,536
2018	2,653
2019	13,465
Thereafter	1,124
	$ 24,512

Interest expense was approximately $545 and $748 in 2014 and 2013, respectively.

10. Letters of Credit and Trust Accounts

The Ministry has an unsecured line of credit with a bank for up to $12,000. Interest payments are calculated monthly at 1.75% over the one-month London Interbank Offered Rate (LIBOR). As of August 31, 2014 and 2013, the Ministry had a balance of $0 and $360, respectively, on the line of credit, which is included in other accrued liabilities in the accompanying consolidated statements of financial position.

New Life maintains trust accounts with banks for the benefit of their primary insurance underwriter. The trust accounts provide collateral to cover New Life's deductible liability protection policies. As of August 31, 2014 and 2013, the accounts had a combined balance of $2,370 and $2,394, respectively, and are included in restricted cash and investments in the accompanying consolidated statements of financial position.

11. Other Income

The Ministry has other income from various sources for the years ended August 31, as follows:

	2014	2013
Interest and investment income, net	$ 9,521	$ 5,313
Services income	4,412	4,621
Royalty income	431	391
Honorarium income	527	514
Commission income	1,815	1,581
Rental income	323	408
Other Income	2,612	3,470
Total	$ 19,641	$ 16,298

12. Allocation of Joint Costs

Staff members of the Ministry conducted activities in the areas of direct ministry, management, and fundraising. The costs of these joint activities, including costs for salary, training, ministry, and fundraising, were a total of approximately $276,543 and $262,840 for the years ended August 31, 2014 and 2013, respectively. The joint costs, which are not specifically attributable to particular components of the activities, were allocated approximately as follows:

	2014	2013
Campus ministries	$ 121,705	$ 114,997
Community ministries	69,025	60,132
Coverage ministries	12,918	16,637
International ministries	43,562	42,839
General and administration	10,189	12,220
Fundraising	19,144	16,015
Total	$ 276,543	$ 262,840

13. International Subsidies

Certain international offices over which the Ministry has control or an economic interest, but not both, are not consolidated in the accompanying consolidated financial statements. The Ministry held resources for the benefit of these international offices totaling $2,400 and $2,709 as of August 31, 2014 and 2013, respectively. The Ministry, at its discretion, funds certain of these offices. Total amounts funded during 2014 and 2013, which are included in international ministries in the accompanying consolidated statements of activities, by world area, are as follows:

	2014	2013
Asia and South Pacific	$ 15,748	$ 12,079
Europe	12,560	15,366
Africa and Middle East	12,851	13,333
North and South America	3,092	7,874
Total	$ 44,251	$ 48,652

14. Staff Compensation

Compensation Salaries and staff members' expenses were approximately $298,937 and $286,755 in 2014 and 2013, respectively. Average monthly compensation, including retirement plan contributions, for staff families was $5.5 and $5.4 in 2014 and 2013, respectively, and for staff singles was $2.1 in 2014 and 2013.

Pension Plan The Ministry maintains a noncontributory defined benefit pension plan (the Plan). Effective April 1, 2011, the Plan was closed and all benefit accruals were frozen. After receiving a favorable IRS determination letter in April 2012, all members who elected lump-sum distributions were paid out, and all members who elected annuity payments remained in the Plan, to begin receiving annuity payments as they come due.

The Ministry closed the Plan and amended it as follows: the discount rate used for lump-sum distributions was changed to 7.60%; the discount rate of 5.88% was employed for lump-sum distributions to active employees who were 62 or older prior to the date of the favorable determination letter; and employees with less than 15 years of vesting service received the greater of their August 31, 2004, frozen benefit or a prorated benefit based on months of service prior to April 1, 2011. Employees vested in the plan were given options regarding their benefits, including rolling their benefits into the Ministry's existing 403(b) plan or an individual retirement arrangement, taking a lump-sum cash distribution, or (if lump sum was greater than $5) requesting future annuity payments.

The Ministry recognizes the total overfunded or underfunded status of its defined benefit pension plan as an asset or liability in its consolidated statements of financial position and recognizes changes in that funded status in the year in which the changes occur through changes in unrestricted net assets. Benefits from the Plan are based upon a plan-determined formula and each participant's years of service.

The following tables provide a reconciliation of the changes in the Plan's benefit obligations and fair value of assets over the two-year period ended August 31, 2014, and a statement of the funded status as of August 31:

	2014	2013
Change in benefit obligation:		
Projected benefit obligation – beginning of year	$ 56,829	$ 64,214
Interest cost	2,759	2,503
Actuarial loss (gain) on projected benefit obligations	9,453	(9,186)
Benefit payments	(835)	(702)
Projected benefit obligation – end of year	$ 68,206	$ 56,829
Accumulated benefit obligation – end of year	$ 68,206	$ 56,829
Change in plan assets:		
Fair value of plan assets – beginning of year	$ 45,430	$ 45,059
Actual return on plan assets	6,052	(433)
Employer contributions	32	1,506
Benefit payments	(835)	(702)
Fair value of plan assets – end of year	$ 50,679	$ 45,430
Unfunded status – end of year	$ (17,527)	$ (11,399)

At August 31, 2014 and 2013, the Ministry recognized the unfunded pension liability of approximately $17,527 and $11,399, respectively, in the accompanying consolidated statements of financial position. The components of net periodic pension cost were as follows:

	2014	2013
Components of net periodic benefit cost:		
Interest cost on projected benefit obligations	$ 2,759	$ 2,503
Expected return on plan assets	(2,584)	(2,912)
Amortization of net loss	585	783
Net periodic benefit cost	$ 760	$ 374

Unrecognized net loss and prior service costs are amortized on a straight-line basis over the average remaining service period of active participants. Expected amortization in fiscal year 2015 is approximately $0 (prior service cost) and $585 (amortization of net loss).

Pension-related changes as of August 31 include the change in the pension's unrecognized net loss and prior service cost, as follows:

	2014	2013
Change in pension unrecognized net loss and prior service cost	$ (5,401)	$ 6,624

At August 31, 2014 and 2013, net periodic benefit cost of $760 and $374, respectively, is included in operating expenses in the accompanying consolidated statements of activities.

Unrecognized net loss at August 31 is as follows. The change in costs is included in pension-related changes in the accompanying consolidated statements of activities.

	2014	2013
Unrecognized net loss	$ 27,187	$ 21,786

Changes in the Plan's asset and benefit obligations recognized in unrestricted net assets during 2014 and 2013 include the following:

	2014	2013
Current-year actuarial (loss) gain	$ (5,986)	$ 5,841
Amortization of net loss	585	$ 783
Change in unrestricted net assets	$ (5,401)	$ 6,624

The Ministry's pension plan weighted-average asset allocations at August 31 by asset category, are as follows:

	Target	Assets at August 31	
	2015	2014	2013
Equity securities	70.0%	69.6%	61.5%
Debt securities	20.0	19.4	25.1
Cash equivalents and other	10.0	11.0	13.4
Total	100.0%	100.0%	100.0%

The primary investment objectives of the plan investment pool are to preserve the purchasing power of assets and earn a reasonable rate of return over the long term while minimizing the short-term volatility of results. The expected return on plan assets is determined based on asset allocations and historical expenses.

The following table presents the Plan's financial instruments as of August 31, 2014, measured at fair value on a recurring basis by the valuation hierarchy defined in Note 4:

	Level 1	Level 2	Level 3	Total
Assets				
Investments:				
Equity securities	$ 35,507	$ —	$ —	$ 35,507
Debt securities	10,008	—	—	10,008
Cash equivalents and other	5,164	—	—	5,164
Total investment assets	$ 50,679	$ —	$ —	$ 50,679

The following table presents the Plan's financial instruments as of August 31, 2013, measured at fair value on a recurring basis by the valuation hierarchy defined in Note 4:

	Level 1	Level 2	Level 3	Total
Assets				
Investments:				
Equity securities	$ 31,839	$ —	$ —	$ 31,839
Debt securities	8,861	—	—	8,861
Cash equivalents and other	4,730	—	—	4,730
Total investment assets	$ 45,430	$ —	$ —	$ 45,430

Fair value methodologies for Level 1 and Level 2 are consistent with the inputs described in Note 4.

There were no transfers of plan instruments to or from Level 1 and Level 2. The Ministry had no Level 3 assets as of August 31, 2014, or at any point during the fiscal year.

The assumptions used in the measurement of the Ministry's benefit obligation and cost are shown in the following table:

	2014	2013
Weighted-average assumptions as of August 31:		
Discount rate	4.05%	4.89%
Expected return on plan assets	5.64	5.64
Rate of compensation increase	N/A	N/A
Other accounting disclosures:		
Market-related value of assets	$ 50,679	$ 45,430
Amount of future annual benefit of plan participants covered by insurance contracts issued by the employer or related parties	N/A	N/A
Alternative amortization methods used to amortize:		
(a) Prior service cost	Straight-line	Straight-line
(b) Unrecognized net gain or loss	Straight-line	Straight-line
Employer commitments to make future plan amendments (that serve as the basis for the employer's accounting for the Plan)	None	None
Description of special or contractual termination benefits recognized during the year	N/A	N/A
Cost of benefits to special or contractual termination benefit	N/A	N/A
Explanation of any significant change in benefit obligation or plan assets not otherwise apparent in the above disclosures	N/A	N/A

Retirement Income Plan The Ministry maintains a voluntary Retirement Income Plan (403(b)). The Retirement Income Plan is open to all full-time employees. The Ministry contributes a monthly amount for each supported staff member or salaried employee to the Retirement Income Plan. Ministry contributions to the Retirement Income Plan are discretionary and totaled approximately $8,607 and $8,605 for the years ended August 31, 2014 and 2013, respectively. Employees can direct their contributions to certain investments of their choice. The Retirement Income Plan establishes limits as to participation and annual employee contributions.

Retirement Savings Plan The Ministry maintains a Retirement Savings Plan (the Savings Plan), which is open to all full-time hourly employees. Employees are not permitted to contribute to the Savings Plan. Contributions to the Savings Plan are made by the Ministry on behalf of the employees based on each employee's respective years of service and the applicable percentage times the maximum monthly accrued benefit computed under the Savings Plan, as defined within the Savings Plan documents. Employees can direct their allocated contributions to certain investments of their choice. The Ministry contributed approximately $95 and $98 to the Savings Plan for the years ended August 31, 2014 and 2013, respectively.

15. Commitments and Contingencies

Operating Leases The Ministry leases certain equipment and office facilities under operating lease agreements. Future rental payments under these operating leases at August 31, 2014, are approximately as follows:

Years ending August 31:	
2015	$ 2,858
2016	1,664
2017	1,366
2018	520
2019 and thereafter	874
	$ 7,282

Rent expense was approximately $15,444 and $15,943 in 2014 and 2013, respectively.

16. Endowments

In June 2011, the state of Florida adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as the standard for management and investment of institutional funds in Florida. This act became effective in July 2012. The Ministry has adopted UPMIFA and has experienced no net asset reclassification as a result of adopting UPMIFA.

The Ministry has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Ministry classifies as permanently net restricted assets (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment, if explicitly designated as such by the donor; and (c) 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. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Ministry considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

- The duration and preservation of the fund
- The purposes of the Ministry and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Ministry
- The investment policies of the Ministry

The Ministry has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of endowment assets. Endowment assets include those assets of donor-restricted funds that the Ministry must hold in perpetuity or for a donor-specific period(s) as well as board-designated funds. Under this policy, the endowment assets are invested in a manner that is intended to produce a return, net of inflation and investment management costs, of at least 5% over the long term. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Ministry relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Ministry targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objective within prudent risk constraints.

As part of the current spending policy, the Ministry makes payments of 5% of the investment balance in periods where the account balance is sufficiently above the historic dollar cost of the fund. In periods where the investment value is below the historic dollar cost, distributions are limited to current interest and dividend earnings. The objectives of the portfolio are the enhancement of capital and real purchasing power while limiting exposure to risk of loss.

Changes in endowment funds for the fiscal year ended August 31, 2014, consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets beginning of the year	$ 176	$ 372	$ 2,500	$ 3,048
Investment return	421	58	—	479
Distributions	(127)	(21)	—	(148)
Net assets, end of year	$ 470	$ 409	$ 2,500	$ 3,379

Changes in endowment funds for the fiscal year ended August 31, 2013, consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets beginning of the year	$ 5	$ 352	$ 3,250	$ 3,607
Investment return	276	38	—	314
Distributions	(105)	(18)	(750)	(873)
Net assets, end of year	$ 176	$ 372	$ 2,500	$ 3,048

As of August 31, 2014, there were no permanently restricted endowments whose fair value of assets was less than the level required by donor stipulation.

17. Temporarily Restricted Net Assets

Temporarily restricted net assets are available at August 31 for the following purposes:

	2014	2013
Annuities, trusts and endowments	$ 6,234	$ 6,075
FamilyLife program, media and global restrictions	916	1,016
Total	$ 7,150	$ 7,091

18. Permanently Restricted Net Assets

Permanently restricted net assets are restricted to investment in perpetuity, the income from which is unrestricted as to its use. At August 31 the amounts are as follows:

	2014	2013
Endowments	$ 2,500	$ 2,500

19. Net Assets Released From Restrictions

Net assets were released from donor restrictions when expenses were incurred to satisfy the restricted purposes or by occurrence of other events as specified by the donors. The purposes of the restricted contributions released for the years ended August 31 are as follows:

	2014	2013
Annuities, trusts and endowments	$ 489	$ 117
Funds used for FamilyLife program, media and global projects	2,031	1,440
Total	$ 2,520	$ 1,557

20. Functional Expenses

The Ministry's expenses, by functional classification for the years ended August 31, are as follows:

	Ministries				Support Services		
		United States			General		
	Campus	Community	Coverage	International	& Admin.	Fundraising	Total Expense
2014							
Salaries and benefits	$ 114,372	$ 73,600	$ 22,072	$ 41,657	$ 22,257	$ 24,979	$ 298,937
International subsidies	–	–	–	44,251	–	–	44,251
Gifts in kind	–	–	–	24,554	–	–	24,554
Contracted services	1,737	4,433	5,240	514	1,605	6,168	19,697
Technology	596	1,065	2,646	500	3,489	339	8,635
Media and other communications	1,150	6,135	886	454	12	656	9,293
Rent and utilities	8,311	2,478	1,559	763	1,368	550	15,029
Travel and entertainment	25,931	7,244	7,331	6,010	1,024	4,140	51,680
Printing	1,573	790	917	115	238	846	4,479
Postage and freight	938	1,773	438	196	1,077	1,729	6,151
Supplies	3,206	1,668	723	694	282	341	6,914
Depreciation and amortization	732	988	2,503	519	2,411	289	7,442
Telephone	858	841	603	482	458	234	3,476
Cost of sales	82	2,735	1,175	6	1	4	4,003
Bank fees and interest	120	328	84	60	1,870	19	2,481
Training and meetings	1,147	607	619	1,378	231	132	4,114
Insurance	3	4	77	2	3,781	211	4,078
Other expenses	567	1,353	960	284	2,272	2,656	8,092
Total expenses	**$ 161,323**	**$ 106,042**	**$ 47,833**	**$ 122,439**	**$ 42,376**	**$ 43,293**	**$ 523,306**

	Ministries				Support Services		
		United States			General		
	Campus	Community	Coverage	International	& Admin.	Fundraising	Total Expense
2013							
Salaries and benefits	$ 107,263	$ 65,066	$ 26,512	$ 41,014	$ 24,726	$ 22,174	$ 286,755
International subsidies	–	–	–	48,652	–	–	48,652
Gifts in kind	–	–	–	31,072	–	–	31,072
Contracted services	1,427	3,965	3,910	436	2,255	5,887	17,880
Technology	601	657	2,947	453	1,846	329	6,833
Media and other communications	851	5,310	994	468	8	653	8,284
Rent and utilities	7,299	2,037	4,174	557	1,505	466	16,038
Travel and entertainment	23,323	6,672	7,799	5,876	2,312	3,228	49,210
Printing	1,404	819	1,062	134	257	617	4,293
Postage and freight	905	1,969	483	329	1,114	1,745	6,545
Supplies	3,487	1,525	1,050	760	322	355	7,499
Depreciation and amortization	815	1,083	2,521	471	1,504	262	6,656
Telephone	855	702	692	515	610	212	3,586
Cost of sales	127	3,044	993	20	1	7	4,192
Bank fees and interest	95	298	82	67	1,983	19	2,544
Training and meetings	1,065	558	500	1,991	295	222	4,631
Insurance	3	11	73	1	3,414	211	3,713
Other expenses	299	921	937	800	91	2,936	5,984
Total expenses	**$ 149,819**	**$ 94,637**	**$ 54,729**	**$ 133,616**	**$ 42,243**	**$ 39,323**	**$ 514,367**

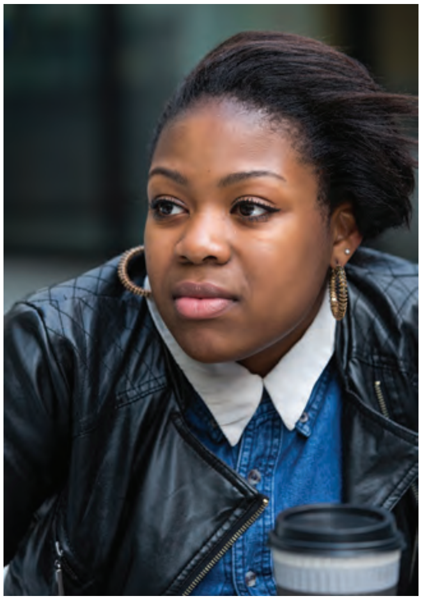
Program activities are based on ministry activity and not on the organizational structure of the Ministry (see Note 1, Consolidated Statements of Activities Classification).

21. Discontinued Component

On March 8, 2013, the Ministry formally and legally separated from The King's College, one of the Ministry's wholly owned subsidiaries. The Ministry does not exercise control over The King's College, as prescribed by ASC 205-20-45-3, *Presentation of Financial Statements – Discontinued Operations*. Accordingly, the accompanying consolidated statements of financial position exclude all assets, liabilities, and net assets related to The King's College, and the accompanying consolidated statement of activities for the year ended August 31, 2013, include the net (loss) gain from operations of The King's College, including a separation loss of $(12,823) as of the date of separation, totaling $(7,236). The net loss on operations includes applicable revenues and expenses through the separation date of March 8, 2013. The Ministry has an ongoing economic interest in, but not control over, The King's College, which interest includes both a note receivable included in accounts and other receivables, and a pledge payable included in other accrued liabilities, on the Statements of Financial Position, both totaling $4,728 and $5,572, as of August 31, 2014 and 2013, respectively.

22. Subsequent Events

ASC 855-10, *Subsequent Events – Overall*, establishes general standards of accounting for and disclosure of events that occur after the statement of financial position date but before the financial statements are issued. The ASC defines two types of subsequent events. The effects of events or transactions that provide additional evidence about conditions that exist at the balance sheet date, including estimates inherent in the process of preparing financial statements, are recognized in the financial statements. The effects of events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after that date are not recognized in the financial statements. The Ministry has reviewed subsequent events through January 19, 2015 (the date the accompanying consolidated financial statements are available to be issued).



REPORT OF AUDIT COMMITTEE

The Audit Committee of the Board of Directors is composed of three independent directors. The Audit Committee oversees the Ministry's financial reporting process on behalf of the Board of Directors. The Committee held four meetings during 2014. In fulfilling its responsibility and in accordance with Campus Crusade policy and practice, the Committee discussed with the independent auditors the overall scope and specific plans for their audit. The Committee also discussed with management and the independent auditors the Ministry's consolidated financial statements and the adequacy of the Ministry's internal controls. During the Audit Committee meetings the Committee met with the independent auditors, without management present, to discuss the results of their audit, their communication related to the Ministry's internal controls, and the overall quality of the Ministry's financial reporting.

Barry Cannada
Chairman, Audit Committee

REPORT OF MANAGEMENT

Overall, we are pleased with the financial results of fiscal year 2014 as we have been blessed with steady gains in cash contributions. We are continually grateful and amazed at God's provision for the Ministry.

For the fiscal year ended August 31, 2014, total worldwide revenues of Campus Crusade for Christ, Inc. and its foreign associates were $693,766,000. United States revenues of the Ministry for the fiscal year were $537,908,000.

In 2014, the ministry had a positive change in net assets of $9,711,000. This was due in large part to favorable operating results within our various divisions, and positive returns on corporate investments totaling $9,521,000 (see note 3 in the audited financial statements).

We take seriously the responsibility God has given us to be good stewards of the resources He has provided. Each area of the Ministry is responsible not only for raising funds, but also careful planning and controlled spending.

Management is responsible for financial and all other information contained in this annual report. The financial statements were prepared in conformity with generally accepted accounting principles and include amounts based on informed judgments and estimates of management.

The Ministry maintains internal controls designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use, and that transactions are executed in accordance with managements' authorizations and are recorded properly to permit the preparation of clear and accurate financial statements.

The Audit Committee, composed entirely of outside directors, meets periodically with the Ministry's independent auditors, internal auditors and management to ensure that each area is properly discharging its responsibilities.

We consider it a privilege to work toward helping to build "spiritual movements everywhere, so that everyone knows someone who truly follows Jesus."

Mark D. Tjernagel
Chief Financial Officer

STAFF AND MINISTRY

Staff members with Campus Crusade for Christ, Inc. are responsible for securing contributions to the Ministry to cover the costs of their salary, training, ministry and fundraising expenses, plus a portion of the administrative and international expansion costs.

Salary for staff members is determined by marital status, the number and ages of their dependent children, plus other factors for which they may qualify. The average compensation amounts included in the Financial Highlights include contributions to a 403(b) retirement plan.

Steve and Judy Douglass, as do all other supported staff members, raise their own ministry funds. The Douglasses direct honorariums and royalties to Campus Crusade for Christ. Their income-tax returns are prepared by external CPAs. When they travel to speak or attend meetings at churches and various conferences, their expenses are covered by either Campus Crusade for Christ or the inviting group. The Douglasses have requested that their business expenses be regularly reviewed by the Audit Committee of the Board of Directors of the Ministry.

Because of their desire to be totally transparent in all of their finances, the Douglasses have voluntarily provided the following information. Both work full-time for the ministry. For 2014, Steve Douglass' taxable income was $65,500, and his Minister's Housing Allowance was $24,000. Judy's taxable income was $45,742, and her Minister's Housing Allowance was $16,000. Steve made non-taxable contributions to the 403(b) Retirement plan in 2014 of $17,836, and Judy made contributions of $18,319. They each participated, in the same manner as all other staff members, in the ministry's other benefit programs. Those programs include an employer-funded medical/dental plan, an employer-funded disability plan and employer-funded life insurance.

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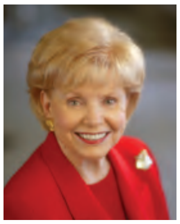

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Orlando, Florida

Bruce A. Bunner
Vice Chairman
Campus Crusade for Christ, Inc.
Orlando, Florida

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President, G&S Enterprises, Inc.
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