



THE GREAT COMMISSION FOUNDATION OF CAMPUS CRUSADE FOR CHRIST, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015





REPORT OF INDEPENDENT AUDITOR

The Board of Directors
The Great Commission Foundation of Campus Crusade for Christ, Inc.
Orlando, Florida

We have audited the accompanying financial statements of The Great Commission Foundation of Campus Crusade for Christ, Inc. ("the Foundation"), which comprise the statements of financial position as of August 31, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Great Commission Foundation of Campus Crusade for Christ, Inc. as of August 31, 2016 and 2015, the changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Batts Morrison Wales & Lee, P.A.

BATTS MORRISON WALES & LEE, P.A.

Orlando, Florida
December 9, 2016

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**THE GREAT COMMISSION FOUNDATION OF
CAMPUS CRUSADE FOR CHRIST, INC.**
STATEMENTS OF FINANCIAL POSITION

ASSETS

	August 31,	
	2016	2015
ASSETS		
Cash and cash equivalents	\$ 576,273	\$ 418,368
Investments	17,728,113	17,254,046
Funds held pursuant to split-interest trust agreements	106,670	109,851
Funds held on behalf of Campus Crusade for Christ, Inc.	2,734,670	2,749,564
Beneficial interest in The GCF Trust	1,946,529	5,851,423
Other assets	796,295	854,682
Total assets	\$ 23,888,550	\$ 27,237,934

LIABILITIES AND NET ASSETS

LIABILITIES

Liabilities for annuities and trusts	\$ 2,815,203	\$ 2,938,459
Liabilities for funds held on behalf of Campus Crusade for Christ, Inc.	2,734,670	2,749,564
Total liabilities	5,549,873	5,688,023

NET ASSETS

Unrestricted		
Undesignated	3,134,224	3,019,112
Board designated – beneficial interest in The GCF Trust	1,946,529	5,851,423
Board designated – donor-advised funds	8,209,583	4,640,126
Board designated – statutorily required annuity reserves and surplus	270,660	281,716
Total unrestricted	13,560,996	13,792,377
Temporarily restricted	4,777,681	7,757,534
Total net assets	18,338,677	21,549,911
Total liabilities and net assets	\$ 23,888,550	\$ 27,237,934

**THE GREAT COMMISSION FOUNDATION OF
CAMPUS CRUSADE FOR CHRIST, INC.**
STATEMENTS OF ACTIVITIES

	For The Year Ended August 31, 2016			For The Year Ended August 31, 2015
	Unrestricted	Temporarily Restricted	Total	
PUBLIC SUPPORT, REVENUE, AND NET ASSETS RELEASED FROM RESTRICTIONS				
Unrestricted contributions - general public	\$ 4,435,012	\$ —	\$ 4,435,012	\$ 2,926,542
Temporarily restricted contributions - general public	—	289,419	289,419	2,240,807
Unrestricted contributions - Campus Crusade for Christ, Inc.	347,191	—	347,191	356,461
Grant revenue from The GCF Trust	479,854	—	479,854	402,060
Unrestricted investment income, net	461,518	—	461,518	(161,038)
Temporarily restricted investment income, net	—	344,108	344,108	(148,613)
Other revenue	80,815	—	80,815	26,221
Change in value of annuities	(123,348)	—	(123,348)	(212,110)
Change in beneficial interest in The GCF Trust	(3,904,894)	—	(3,904,894)	(57,876)
Net assets released from restrictions	<u>3,613,380</u>	<u>(3,613,380)</u>	<u>—</u>	<u>—</u>
 Total public support, revenue, and net assets released from restrictions	 <u>5,389,528</u>	 <u>(2,979,853)</u>	 <u>2,409,675</u>	 <u>5,372,454</u>
EXPENSES				
Program activities				
Grants paid to Campus Crusade for Christ, Inc.	4,033,941	—	4,033,941	2,246,784
Grants paid to other charitable organizations	<u>1,183,832</u>	<u>—</u>	<u>1,183,832</u>	<u>2,351,757</u>
 Total program activities	 <u>5,217,773</u>	 <u>—</u>	 <u>5,217,773</u>	 <u>4,598,541</u>
Supporting activities				
General and administrative	322,101	—	322,101	325,011
Fund development	<u>81,035</u>	<u>—</u>	<u>81,035</u>	<u>80,762</u>
 Total supporting activities	 <u>403,136</u>	 <u>—</u>	 <u>403,136</u>	 <u>405,773</u>
 Total expenses	 <u>5,620,909</u>	 <u>—</u>	 <u>5,620,909</u>	 <u>5,004,314</u>
 Change in unrestricted net assets	 (231,381)	 —	 (231,381)	 (1,155,124)
 Change in temporarily restricted net assets	 —	 (2,979,853)	 (2,979,853)	 1,523,264
 CHANGE IN NET ASSETS	 (231,381)	 (2,979,853)	 (3,211,234)	 368,140
 NET ASSETS - Beginning of year	 <u>13,792,377</u>	 <u>7,757,534</u>	 <u>21,549,911</u>	 <u>21,181,771</u>
 NET ASSETS - End of year	 <u>\$ 13,560,996</u>	 <u>\$ 4,777,681</u>	 <u>\$ 18,338,677</u>	 <u>\$ 21,549,911</u>

The Accompanying Notes are an Integral
Part of These Financial Statements

**THE GREAT COMMISSION FOUNDATION OF
CAMPUS CRUSADE FOR CHRIST, INC.**
STATEMENTS OF CASH FLOWS

	For The Years Ended	
	August 31,	
	2016	2015
OPERATING CASH FLOWS		
Cash received from contributors	\$ 4,838,885	\$ 3,418,805
Other revenue received	12,911	112,265
Cash paid for operating activities and costs	<u>(5,215,331)</u>	<u>(4,661,542)</u>
Net operating cash flows	<u>(363,535)</u>	<u>(1,130,472)</u>
INVESTING CASH FLOWS		
Proceeds from sales of investments	6,318,122	4,113,387
Purchases of investments	<u>(5,796,682)</u>	<u>(2,760,597)</u>
Net investing cash flows	<u>521,440</u>	<u>1,352,790</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	157,905	222,318
CASH AND CASH EQUIVALENTS - Beginning of year	<u>418,368</u>	<u>196,050</u>
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 576,273</u>	<u>\$ 418,368</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS		
Change in net assets	\$ (3,211,234)	\$ 368,140
Adjustments to reconcile change in net assets to net operating cash flows		
Noncash contributions	(365,400)	(2,150,604)
Net (gain) loss on investments	(630,107)	696,371
Change in funds held pursuant to split-interest trust agreements	3,181	16,671
Change in beneficial interest in The GCF Trust	3,904,894	57,876
Change in other assets	58,387	(13,689)
Change in liabilities for annuities and trusts	<u>(123,256)</u>	<u>(105,237)</u>
Net operating cash flows	<u>\$ (363,535)</u>	<u>\$ (1,130,472)</u>

The Accompanying Notes are an Integral
Part of These Financial Statements

**THE GREAT COMMISSION FOUNDATION OF
CAMPUS CRUSADE FOR CHRIST, INC.**
NOTES TO FINANCIAL STATEMENTS

NOTE A – NATURE OF ACTIVITIES

The Great Commission Foundation of Campus Crusade for Christ, Inc. (“the Foundation”) is a not-for-profit corporation organized under the laws of the state of California. The Foundation’s purpose is to create and administer gifts for its parent organization, Campus Crusade for Christ, Inc. (“Cru”) and other charitable organizations.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

Contributions received are recorded as unrestricted or temporarily restricted support, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as “net assets released from restrictions.”

From time to time, supporters of the Foundation express indications that they plan to make gifts to the Foundation. The Foundation recognizes any such gift as a contribution upon its receipt of sufficient documentary evidence that the timing of the gift is clearly specified (even if contingent upon the occurrence of some future event) and that the gift is unconditional, measurable, collectible, and irrevocable.

Cash and cash equivalents

The Foundation considers all investment instruments purchased or donated with original maturities of three months or less to be cash equivalents.

Investments

Investments in mutual funds are carried at estimated fair value, as determined by quoted market prices. Investments in real estate and business enterprises consist of gifts from donors and are carried at estimated fair value as determined on the date contributed, based on independent appraisals or other independent analyses. The estimated carrying value of such assets may be periodically updated. Investments in business enterprises are adjusted by management for any related discounts. The amount ultimately realized from the sale of investments may vary significantly from the estimates.

Funds held pursuant to split-interest trust agreements

Funds held pursuant to split-interest trust agreements consist primarily of investments which are carried at estimated fair value, as determined by quoted market prices. The Foundation is not an irrevocable beneficiary under any of the trusts. Cru is the remainder beneficiary of all irrevocable trusts.

Funds held on behalf of Campus Crusade for Christ, Inc.

Funds held on behalf of Campus Crusade for Christ, Inc. consist primarily of investments which are carried at estimated fair value, as determined by quoted market prices. Such amounts relate to permanent endowment fund gifts originally made by donors to Cru. The Foundation holds and manages the funds for the benefit of Cru pursuant to an agreement with Cru.

**THE GREAT COMMISSION FOUNDATION OF
CAMPUS CRUSADE FOR CHRIST, INC.**
NOTES TO FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Liabilities for annuities and trusts

For irrevocable split-interest arrangements such as charitable gift annuities and charitable remainder trusts in which the Foundation is trustee or custodian, the assets of such arrangements are included in the Foundation's statements of financial position as "investments" or "funds held pursuant to split-interest trust agreements." The carrying values of such investments conform to accounting principles generally accepted in the United States of America which generally require that marketable investment securities be carried at estimated fair value at all times and that other assets be carried at the estimated fair value of the assets as determined on the date the assets are contributed, unadjusted for subsequent changes in value. Also, for such arrangements in which the Foundation is trustee or custodian, a liability is recognized related to the present value of benefits payable to other beneficiaries. For all irrevocable split-interest arrangements, regardless of whether or not the Foundation acts as trustee or custodian, contribution revenue is recognized for the estimated present value of the Foundation's benefits (if any) under the arrangements in the year the arrangements are established or in the year in which the Foundation 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 generally between 1% and 4%. State law imposes certain restrictions on the manner in which charitable gift annuity assets may be invested.

Donor-advised funds

The Foundation administers several donor-advised funds. Donor gifts to such funds are made irrevocably with the understanding that while the donor retains an advisory role in the distribution of funds, the Foundation retains ultimate control over the use of the funds. Accordingly, such gifts are reflected as "board designated net assets" in the accompanying statements of financial position. Generally, donor-advised fund agreements contain a provision requiring that at least 25% of any distributions be made to Cru.

Income taxes

The Foundation is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code and from state income tax pursuant to state law. The Foundation is further classified as a public charity and not a private foundation for federal tax purposes. Income taxes on unrelated business income are immaterial and are recognized as expenses when paid. The Foundation has not taken any material uncertain tax positions for which the associated tax benefits may not be recognized under accounting principles generally accepted in the United States of America.

Use of estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include those used in determining the estimated fair value of investments, the carrying value of the beneficial interest in The GCF Trust, and the liabilities for annuities and trusts. Actual results could differ from the estimates.

Subsequent events

The Foundation has evaluated for possible financial reporting and disclosure subsequent events through December 9, 2016, the date as of which the financial statements were available to be issued.

NOTE C – CONCENTRATIONS

The Foundation maintains its cash, cash equivalents, and investments in bank deposit accounts and other investment accounts which may not be federally insured, may exceed federally insured limits, or may be insured by an entity other than an agency of the federal government. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash, cash equivalents, and investments. During the years ended August 31, 2016 and 2015, the Foundation recognized approximately 77% and 73%, respectively, of its total contribution revenue from the general public from its three largest donors.

**THE GREAT COMMISSION FOUNDATION OF
CAMPUS CRUSADE FOR CHRIST, INC.**
NOTES TO FINANCIAL STATEMENTS

NOTE D - INVESTMENTS

Investments consisted of the following:

	<u>August 31,</u>	
	<u>2016</u>	<u>2015</u>
Short-term cash and money market funds	\$ 1,902,034	\$ 1,297,602
Mutual funds	14,060,216	11,759,364
Corporate debt securities	80,248	80,995
Government securities	121,038	116,066
Real estate	1,131,600	3,408,204
Other investments	<u>432,977</u>	<u>591,815</u>
Total investments	<u>\$ 17,728,113</u>	<u>\$ 17,254,046</u>

Investments were held for the following purposes:

	<u>August 31,</u>	
	<u>2016</u>	<u>2015</u>
Investments held pursuant to donor-advised fund agreements	\$ 7,817,945	\$ 4,640,126
Investments held to satisfy charitable gift annuity obligations	4,701,556	5,023,121
Investments held for staff, legacy, and vision funds	4,012,681	4,157,856
Investments held for general operations	895,931	929,239
Investments held for other donor-restricted purposes	<u>300,000</u>	<u>2,503,704</u>
Total investments	<u>\$ 17,728,113</u>	<u>\$ 17,254,046</u>

“Investment income, net” in the accompanying statement of activities for the year ended August 31, 2016 includes \$630,107 of net investment gains. “Investment income, net” in the accompanying statement of activities for the year ended August 31, 2015 includes \$696,371 of net investment losses.

NOTE E - BENEFICIAL INTEREST IN THE GCF TRUST

The GCF Trust (“the Trust”) is a supporting organization with respect to the Foundation and is an integrated auxiliary of Cru. The Foundation has an economic interest in the underlying assets of the Trust, which consist primarily of non-controlling ownership interests in private businesses. However, the Foundation does not control the Trust, as the term “control” is defined under generally accepted accounting principles (“GAAP”). Therefore, the accounts of the Trust are not consolidated with the financial statements of the Foundation. In conformity with GAAP, the Foundation has recognized its beneficial interest in the Trust as of August 31, 2016 and 2015. The Foundation’s beneficial interest is based on the Trust’s net assets and is carried at cost in the accompanying statements of financial position. Cost is defined for this purpose as the estimated fair value of the asset as of the date of the donation to the Trust.

During the year ended August 31, 2016, management concluded that the carrying value of one of the assets held by the Trust is impaired, and the asset’s carrying value has been adjusted from approximately \$5,504,000 to \$1,650,000. The change in the carrying amount is reflected in the accompanying statement of activities for the year ended August 31, 2016 in the line-item “change in beneficial interest in The GCF Trust”.

**THE GREAT COMMISSION FOUNDATION OF
CAMPUS CRUSADE FOR CHRIST, INC.**
NOTES TO FINANCIAL STATEMENTS

NOTE F – FAIR VALUE MEASUREMENTS

GAAP defines fair value for an investment generally as the price an organization would receive upon selling the investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. The information available to measure fair value varies depending on the nature of each investment and its market or markets. Accordingly, GAAP recognizes a hierarchy of “inputs” an organization may use in determining or estimating fair value. The inputs are categorized into “levels” that relate to the extent to which an input is objectively observable and the extent to which markets exist for identical or comparable investments. In determining or estimating fair value, an organization is required to maximize the use of observable market data (to the extent available) and minimize the use of unobservable inputs. The hierarchy assigns the highest priority to unadjusted quoted prices in active markets for identical items (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Following is a description of each of the three levels of input within the fair value hierarchy:

Level 1 – unadjusted quoted market prices in active markets for identical items

Level 2 – other significant observable inputs (such as quoted prices for similar items)

Level 3 – significant unobservable inputs

The estimated fair value of investments in real estate (valued using Level 2 inputs) is based on independent appraisals or other independent analyses. Level 3 assets consist of investments in privately-held businesses. Generally, such investments cannot be liquidated in the near term at the direction of the Foundation. The estimated fair value of investments in privately-held businesses is based on independent appraisals or other independent analyses. Liabilities for annuities and trusts (valued using Level 2 inputs) are based on estimated present value, applying certain assumptions regarding interest rates and life expectancies.

The activity for Level 3 assets was immaterial for the years ended August 31, 2016 and 2015.

Estimated fair values of assets and (liabilities) measured on a recurring basis as of August 31, 2016, are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 14,060,216	\$ 14,060,216	\$ —	\$ —
Real estate	1,131,600	—	1,131,600	—
Other investments	432,977	—	—	432,977
Government securities	121,038	121,038	—	—
Corporate debt securities	<u>80,248</u>	<u>80,248</u>	<u>—</u>	<u>—</u>
Total	<u>\$ 15,826,079</u>	<u>\$ 14,261,502</u>	<u>\$ 1,131,600</u>	<u>\$ 432,977</u>
Liabilities for annuities and trusts	<u>\$ (2,815,203)</u>	<u>\$ —</u>	<u>\$ (2,815,203)</u>	<u>\$ —</u>

**THE GREAT COMMISSION FOUNDATION OF
CAMPUS CRUSADE FOR CHRIST, INC.**
NOTES TO FINANCIAL STATEMENTS

NOTE F - FAIR VALUE MEASUREMENTS (Continued)

Estimated fair values of assets and (liabilities) measured on a recurring basis as of August 31, 2015, are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 11,759,364	\$ 11,759,364	\$ —	\$ —
Real estate	3,408,204	—	3,408,204	—
Other investments	591,815	—	—	591,815
Government securities	116,066	116,066	—	—
Corporate debt securities	<u>80,995</u>	<u>80,995</u>	<u>—</u>	<u>—</u>
Total	<u>\$ 15,956,444</u>	<u>\$ 11,956,425</u>	<u>\$ 3,408,204</u>	<u>\$ 591,815</u>
Liabilities for annuities and trusts	<u>\$ (2,938,459)</u>	<u>\$ —</u>	<u>\$ (2,938,459)</u>	<u>\$ —</u>

NOTE G - RESTRICTIONS ON NET ASSETS

Net assets were temporarily restricted for the following purposes:

	<u>August 31,</u>	
	<u>2016</u>	<u>2015</u>
Campus Ministry Vision Fund	\$ 1,892,157	\$ 1,883,932
Legacy funds	1,517,517	1,394,882
Estimated future benefit of annuities	427,301	1,020,505
Staff endowment funds (principal may be expended)	339,996	374,308
Other activities	306,535	615,599
President's Ministry Opportunity Fund	263,012	504,734
The Jesus Film Project	<u>31,163</u>	<u>1,963,574</u>
Total temporarily restricted net assets	<u>\$ 4,777,681</u>	<u>\$ 7,757,534</u>

Net assets released from restrictions were \$3,613,380 and \$568,930 for the years ended August 31, 2016 and 2015, respectively.

The income generated by the Campus Ministry Vision Fund is to be used to support key initiatives of Cru. The income generated by legacy funds is to be used to support various campus outreach activities and other related purposes of Cru. The income generated by the staff endowment funds is to be used to support the work of Cru staff. The income generated by the President's Ministry Opportunity Fund is to be used for special projects authorized by the president of Cru. The income generated by The Jesus Film Project is to be used to support the distribution of The Jesus Film across the world.

NOTE H - SHARED FACILITIES AND SERVICES

The Foundation utilizes certain resources of Cru in carrying out its activities, including employee time, office space, and office equipment. The Foundation is not required to reimburse Cru for the use of these resources. During the years ended August 31, 2016 and 2015, the Foundation recognized contribution revenue and supporting activities expense of \$347,191 and \$356,461, respectively, in the accompanying statements of activities related to the use of these resources.