



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

FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017





REPORT OF INDEPENDENT AUDITOR

The Board of Directors
The Great Commission Foundation of Campus Crusade for Christ, Inc. d/b/a The Cru Foundation
Orlando, Florida

We have audited the accompanying consolidated financial statements of The Great Commission Foundation of Campus Crusade for Christ, Inc. d/b/a The Cru Foundation ("the Foundation"), which consist of the consolidated statements of financial position as of August 31, 2018 and 2017, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Great Commission Foundation of Campus Crusade for Christ, Inc. d/b/a The Cru Foundation as of August 31, 2018 and 2017, the consolidated changes in its net assets, and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Battis Morrison Wales & Lee, P.A.

BATTIS MORRISON WALES & LEE, P.A.

Orlando, Florida
December 14, 2018

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THE GREAT COMMISSION FOUNDATION OF CAMPUS CRUSADE FOR CHRIST, INC.
D/B/A THE CRU FOUNDATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

ASSETS

	August 31,	
	2018	2017
ASSETS		
Cash and cash equivalents	\$ 280,779	\$ 238,641
Investments	21,844,242	19,190,302
Funds held pursuant to split-interest trust agreements	1,103,235	1,105,871
Funds held on behalf of Campus Crusade for Christ, Inc.	2,913,346	2,824,043
Beneficial interest in The GCF Trust	1,910,074	1,972,287
Other assets	1,000,024	875,585
Total assets	\$ 29,051,700	\$ 26,206,729

LIABILITIES AND NET ASSETS

LIABILITIES

Liabilities for annuities and trusts	\$ 2,586,399	\$ 3,056,529
Liabilities for funds held on behalf of Campus Crusade for Christ, Inc.	2,913,346	2,824,043
Total liabilities	5,499,745	5,880,572

NET ASSETS

Unrestricted		
Undesignated	3,536,040	3,950,880
Board designated – beneficial interest in The GCF Trust	1,910,074	1,972,287
Board designated – donor-advised funds	11,157,257	8,912,874
Board designated – statutorily required annuity reserves and surplus	204,520	247,749
Total unrestricted	16,807,891	15,083,790
Temporarily restricted	6,744,064	5,242,367
Total net assets	23,551,955	20,326,157
Total liabilities and net assets	\$ 29,051,700	\$ 26,206,729

THE GREAT COMMISSION FOUNDATION OF CAMPUS CRUSADE FOR CHRIST, INC.
D/B/A THE CRU FOUNDATION
CONSOLIDATED STATEMENTS OF ACTIVITIES

	For The Year Ended August 31, 2018			For The Year Ended August 31, 2017
	Unrestricted	Temporarily Restricted	Total	
PUBLIC SUPPORT, REVENUE, AND NET ASSETS RELEASED FROM RESTRICTIONS				
Unrestricted contributions - general public	\$ 6,278,866	\$ —	\$ 6,278,866	\$ 3,309,213
Temporarily restricted contributions - general public	—	2,220,283	2,220,283	1,035,468
Unrestricted contributions - Campus Crusade for Christ, Inc.	496,706	—	496,706	384,649
Temporarily restricted investment income, net	—	362,272	362,272	207,054
Unrestricted investment income, net	277,428	—	277,428	655,489
Grant revenue from The GCF Trust	254,360	—	254,360	609,514
Other revenue	8,653	—	8,653	1,985
Change in value of annuities	(56,923)	—	(56,923)	(50,319)
Change in beneficial interest in The GCF Trust	(62,213)	—	(62,213)	25,758
Net assets released from restrictions	<u>1,080,858</u>	<u>(1,080,858)</u>	<u>—</u>	<u>—</u>
Total public support, revenue, and net assets released from restrictions	<u>8,277,735</u>	<u>1,501,697</u>	<u>9,779,432</u>	<u>6,178,811</u>
EXPENSES				
Program activities				
Grants paid to Campus Crusade for Christ, Inc.	4,092,925	—	4,092,925	2,668,930
Grants paid to other charitable organizations	<u>1,887,840</u>	<u>—</u>	<u>1,887,840</u>	<u>1,038,154</u>
Total program activities	<u>5,980,765</u>	<u>—</u>	<u>5,980,765</u>	<u>3,707,084</u>
Supporting activities				
General and administrative	462,991	—	462,991	404,522
Fund development	<u>109,878</u>	<u>—</u>	<u>109,878</u>	<u>79,725</u>
Total supporting activities	<u>572,869</u>	<u>—</u>	<u>572,869</u>	<u>484,247</u>
Total expenses	<u>6,553,634</u>	<u>—</u>	<u>6,553,634</u>	<u>4,191,331</u>
Change in unrestricted net assets	1,724,101	—	1,724,101	1,522,794
Change in temporarily restricted net assets	<u>—</u>	<u>1,501,697</u>	<u>1,501,697</u>	<u>464,686</u>
CHANGE IN NET ASSETS	1,724,101	1,501,697	3,225,798	1,987,480
NET ASSETS - Beginning of year	<u>15,083,790</u>	<u>5,242,367</u>	<u>20,326,157</u>	<u>18,338,677</u>
NET ASSETS - End of year	<u>\$ 16,807,891</u>	<u>\$ 6,744,064</u>	<u>\$ 23,551,955</u>	<u>\$ 20,326,157</u>

The Accompanying Notes are an Integral
Part of These Consolidated Financial Statements

THE GREAT COMMISSION FOUNDATION OF CAMPUS CRUSADE FOR CHRIST, INC.
D/B/A THE CRU FOUNDATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For The Years Ended	
	August 31,	
	2018	2017
OPERATING CASH FLOWS		
Cash received from contributors	\$ 6,930,878	\$ 4,423,650
Other revenue received	31,647	26,692
Cash paid for operating activities and costs	<u>(6,181,367)</u>	<u>(3,936,291)</u>
Net operating cash flows	<u>781,158</u>	<u>514,051</u>
INVESTING CASH FLOWS		
Proceeds from sales of investments	6,551,164	5,365,062
Purchases of investments	<u>(7,290,184)</u>	<u>(6,216,745)</u>
Net investing cash flows	<u>(739,020)</u>	<u>(851,683)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	42,138	(337,632)
CASH AND CASH EQUIVALENTS - Beginning of year	<u>238,641</u>	<u>576,273</u>
CASH AND CASH EQUIVALENTS - End of year	<u><u>\$ 280,779</u></u>	<u><u>\$ 238,641</u></u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS		
Change in net assets	\$ 3,225,798	\$ 1,987,480
Adjustments to reconcile change in net assets to net operating cash flows		
Noncash contributions	(1,413,164)	(983,434)
Net gain on investments	(501,756)	(627,072)
Change in funds held pursuant to split-interest trust agreements	2,636	799
Change in beneficial interest in The GCF Trust	62,213	(25,758)
Change in other assets	(124,439)	(79,290)
Change in liabilities for annuities and trusts	<u>(470,130)</u>	<u>241,326</u>
Net operating cash flows	<u><u>\$ 781,158</u></u>	<u><u>\$ 514,051</u></u>

The Accompanying Notes are an Integral
Part of These Consolidated Financial Statements

THE GREAT COMMISSION FOUNDATION OF CAMPUS CRUSADE FOR CHRIST, INC.
D/B/A THE CRU FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A – NATURE OF ACTIVITIES

The Great Commission Foundation of Campus Crusade for Christ, Inc. d/b/a The Cru Foundation (“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.

In conformity with accounting principles generally accepted in the United States of America (“GAAP”), the consolidated financial statements of the Foundation include the accounts of The Great Commission Foundation of Delaware, Inc. (“GCF Delaware”), which is a separate legal entity. GCF Delaware is a not-for-profit corporation organized under the laws of the state of Delaware. GCF Delaware is the named trustee over a certain pooled income fund. The Foundation is the sole member of GCF Delaware.

All significant interorganization balances and transactions have been eliminated in consolidation.

References to “the Foundation” in these footnotes refer to The Great Commission Foundation of Campus Crusade for Christ, Inc. d/b/a The Cru Foundation and The Great Commission Foundation of Delaware, Inc., unless otherwise noted.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The Foundation recognizes cash contributions as revenue when the contributions are received by the Foundation. 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 consolidated 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 exchange traded funds, mutual funds, and corporate debt securities 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. Such amounts relate to funds held pursuant to a pooled income fund and other irrevocable trust agreements.

THE GREAT COMMISSION FOUNDATION OF CAMPUS CRUSADE FOR CHRIST, INC.
D/B/A THE CRU FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Liabilities for annuities and trusts

For irrevocable split-interest arrangements such as charitable gift annuities, charitable remainder trusts, and the pooled income fund in which the Foundation is trustee or custodian, the assets of such arrangements are included in the Foundation's consolidated statements of financial position as "investments" or "funds held pursuant to split-interest trust agreements." The carrying values of such investments conform to GAAP 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 and present value discounts for future interests in the pooled income fund. 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 appropriate discount rates. 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 consolidated statements of financial position.

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.

Use of estimates

Management uses estimates and assumptions in preparing consolidated 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 consolidated financial statements include those used in determining the estimated fair value of investments, the carrying value of the beneficial interest in The GCF Trust, the discount for future interest in the pooled income fund, and the liabilities for annuities and trusts. Actual results could differ from the estimates.

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.

THE GREAT COMMISSION FOUNDATION OF CAMPUS CRUSADE FOR CHRIST, INC.
D/B/A THE CRU FOUNDATION
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE C – CONCENTRATIONS (Continued)

During the years ended August 31, 2018 and 2017, the Foundation recognized approximately 50% and 48%, respectively, of its total contribution revenue from the general public from its three largest donors.

NOTE D – INVESTMENTS

Investments consisted of the following:

	<u>August 31,</u>	
	<u>2018</u>	<u>2017</u>
Short-term cash and money market funds	\$ 1,527,183	\$ 2,545,640
Exchange traded funds and mutual funds	16,564,133	14,957,485
Corporate debt securities	2,075,168	50,056
Government securities	43,281	121,144
Real estate	1,201,500	1,083,000
Other investments	<u>432,977</u>	<u>432,977</u>
Total investments	<u>\$ 21,844,242</u>	<u>\$ 19,190,302</u>

Investments were held for the following purposes:

	<u>August 31,</u>	
	<u>2018</u>	<u>2017</u>
Investments held pursuant to donor-advised fund agreements	\$ 11,035,028	\$ 8,912,874
Investments held for staff, legacy, and vision funds	4,844,841	4,285,766
Investments held to satisfy charitable gift annuity obligations	4,754,451	4,835,955
Investments held for general operations	638,422	1,155,707
Investments held for the Jesus Film Project	<u>571,500</u>	<u>—</u>
Total investments	<u>\$ 21,844,242</u>	<u>\$ 19,190,302</u>

“Investment income, net” in the accompanying consolidated statements of activities for the years ended August 31, 2018 and 2017, includes \$501,756 and \$627,072 of net investment gains, respectively.

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 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, 2018 and 2017. The Foundation’s beneficial interest is based on the Trust’s net assets and is carried at cost in the accompanying consolidated 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, adjusted for any subsequent write-downs in carrying value.

THE GREAT COMMISSION FOUNDATION OF CAMPUS CRUSADE FOR CHRIST, INC.
D/B/A THE CRU FOUNDATION
NOTES TO CONSOLIDATED 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.

Estimated fair values of assets and (liabilities) measured on a recurring basis as of August 31, 2018, are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Exchange traded funds and mutual funds	\$ 16,564,133	\$ 16,564,133	\$ —	\$ —
Corporate debt securities	2,075,168	2,075,168		
Real estate	1,201,500	—	1,201,500	—
Other investments	432,977	—	—	432,977
Government securities	<u>43,281</u>	<u>43,281</u>	<u>—</u>	<u>—</u>
Total	<u>\$ 20,317,059</u>	<u>\$ 18,682,582</u>	<u>\$ 1,201,500</u>	<u>\$ 432,977</u>
Liabilities for annuities and trusts	<u>\$ (2,586,399)</u>	<u>\$ —</u>	<u>\$ (2,586,399)</u>	<u>\$ —</u>

THE GREAT COMMISSION FOUNDATION OF CAMPUS CRUSADE FOR CHRIST, INC.
D/B/A THE CRU FOUNDATION
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE F – FAIR VALUE MEASUREMENTS (Continued)

Estimated fair values of assets and (liabilities) measured on a recurring basis as of August 31, 2017, are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Exchange traded funds and mutual funds	\$ 14,957,485	\$ 14,957,485	\$ —	\$ —
Real estate	1,083,000	—	1,083,000	—
Other investments	432,977	—	—	432,977
Government securities	121,144	121,144	—	—
Corporate debt securities	<u>50,056</u>	<u>50,056</u>	<u>—</u>	<u>—</u>
Total	<u>\$ 16,644,662</u>	<u>\$ 15,128,685</u>	<u>\$ 1,083,000</u>	<u>\$ 432,977</u>
Liabilities for annuities and trusts	<u>\$ (3,056,529)</u>	<u>\$ —</u>	<u>\$ (3,056,529)</u>	<u>\$ —</u>

The activity for Level 3 assets was immaterial for the years ended August 31, 2018 and 2017.

NOTE G – RESTRICTIONS ON NET ASSETS

Net assets were temporarily restricted for the following purposes:

	<u>August 31,</u>	
	<u>2018</u>	<u>2017</u>
Legacy funds	\$ 1,762,321	\$ 1,642,237
Campus Ministry Vision Fund	1,727,292	1,673,900
Staff endowment funds (principal may be expended)	728,713	695,833
Estimated future benefit of annuities	710,944	409,500
The Jesus Film Project	619,294	—
Remainder interest in pooled income fund	568,985	547,101
Other activities	348,997	273,796
Issachar Vision Fund	<u>277,518</u>	<u>—</u>
Total temporarily restricted net assets	<u>\$ 6,744,064</u>	<u>\$ 5,242,367</u>

Net assets released from restrictions were \$1,080,858 and \$777,836 for the years ended August 31, 2018 and 2017, respectively.

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 Campus Ministry Vision Fund is to be used to support key initiatives 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 Jesus Film Project is to be used to support the distribution of The Jesus Film across the world. The income generated by the Issachar Vision Fund is to support unreached people groups across the world.

THE GREAT COMMISSION FOUNDATION OF CAMPUS CRUSADE FOR CHRIST, INC.
D/B/A THE CRU FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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, 2018 and 2017, the Foundation recognized contribution revenue and supporting activities expense of \$496,706 and \$384,649, respectively, in the accompanying consolidated statements of activities related to the use of these resources.

NOTE I – SUBSEQUENT EVENTS

Subsequent to August 31, 2018, the Foundation sold certain real property for approximately \$620,000. This transaction will be recognized by the Foundation in its financial statements for the year ending August 31, 2019.

The Foundation has evaluated for possible financial reporting and disclosure subsequent events through December 14, 2018, the date as of which the consolidated financial statements were available to be issued.