

BATTS, MORRISON, WALES & LEE, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
1000 LEGION PLACE SUITE 701
ORLANDO FLORIDA 32801

407 770 6000
800 960 0803
FACSIMILE 407 770 6005
www.nonprofitcpa.com

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

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statements of financial position of The Great Commission Foundation of Campus Crusade for Christ, Inc ("the Foundation") as of August 31, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2008 and 2007, the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note F, during the year ended August 31, 2007, the Foundation identified and made certain corrections to its financial statements related to transactions and activities that occurred in prior years. The corrections had no effect on total net assets.

Batts, Morrison, Wales & Lee, P.A.

BATTS, MORRISON, WALES & LEE, P.A.

October 29, 2008

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

ASSETS

	August 31,	
	2008	2007
ASSETS		
Cash and cash equivalents	\$ 318,214	\$ 572,114
Investments	11,528,144	8,774,450
Funds held pursuant to split-interest trust agreements	1,399,317	1,672,723
Funds held on behalf of Campus Crusade for Christ, Inc.	2,432,439	2,686,256
Total assets	\$ 15,678,114	\$ 13,705,543

LIABILITIES AND NET ASSETS

LIABILITIES		
Liabilities for annuities and trusts	\$ 3,741,052	\$ 3,069,203
Liabilities for funds held on behalf of Campus Crusade for Christ, Inc.	2,432,439	2,686,256
Total liabilities	6,173,491	5,755,459
NET ASSETS		
Unrestricted net assets:		
Undesignated	262,045	498,336
Board designated – donor-advised funds	6,507,412	5,461,362
Board designated – statutorily required annuity surplus	234,152	138,933
Total unrestricted net assets	7,003,609	6,098,631
Temporarily restricted net assets	2,501,014	1,851,453
Total net assets	9,504,623	7,950,084
Total liabilities and net assets	\$ 15,678,114	\$ 13,705,543

The Accompanying Notes are an Integral
Part of These Financial Statements

**THE GREAT COMMISSION FOUNDATION OF
CAMPUS CRUSADE FOR CHRIST, INC.**
STATEMENT OF ACTIVITIES
For The Year Ended August 31, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Contributions	\$ 7,912,671	\$ 889,206	\$ 8,801,877
Investment losses, net	(1,161,917)	(192,455)	(1,354,372)
Other	72,564	—	72,564
Net assets released from restrictions	47,190	(47,190)	—
Total public support and revenue and net assets released from restrictions	6,870,508	649,561	7,520,069
EXPENSES			
Program activities:			
Grants paid to Campus Crusade for Christ, Inc	3,912,214	—	3,912,214
Grants paid to other charitable organizations	1,782,974	—	1,782,974
Total program activities	5,695,188	—	5,695,188
Supporting activities:			
General and administrative	217,389	—	217,389
Fund development	52,953	—	52,953
Total supporting activities	270,342	—	270,342
Total expenses	5,965,530	—	5,965,530
CHANGE IN NET ASSETS	904,978	649,561	1,554,539
NET ASSETS, Beginning of year	6,098,631	1,851,453	7,950,084
NET ASSETS, End of year	\$ 7,003,609	\$ 2,501,014	\$ 9,504,623

The Accompanying Notes are an Integral
Part of These Financial Statements

**THE GREAT COMMISSION FOUNDATION OF
CAMPUS CRUSADE FOR CHRIST, INC.**
STATEMENT OF ACTIVITIES
For The Year Ended August 31, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Contributions	\$ 6,387,802	\$ 566,182	\$ 6,953,984
Investment income, net	571,785	59,881	631,666
Other	52,575	—	52,575
Net assets released from restrictions	<u>36,641</u>	<u>(36,641)</u>	<u>—</u>
Total public support and revenue and net assets released from restrictions	<u>7,048,803</u>	<u>589,422</u>	<u>7,638,225</u>
EXPENSES			
Program activities:			
Grants paid to Campus Crusade for Christ, Inc.	3,602,866	—	3,602,866
Grants paid to other charitable organizations	<u>3,238,172</u>	<u>—</u>	<u>3,238,172</u>
Total program activities	<u>6,841,038</u>	<u>—</u>	<u>6,841,038</u>
Supporting activities:			
General and administrative	298,761	—	298,761
Fund development	<u>75,794</u>	<u>—</u>	<u>75,794</u>
Total supporting activities	<u>374,555</u>	<u>—</u>	<u>374,555</u>
Total expenses	<u>7,215,593</u>	<u>—</u>	<u>7,215,593</u>
CHANGE IN NET ASSETS	<u>(166,790)</u>	<u>589,422</u>	<u>422,632</u>
NET ASSETS, Beginning of year, as originally reported	6,323,809	1,426,643	7,750,452
PRIOR PERIOD ADJUSTMENTS	<u>(58,388)</u>	<u>(164,612)</u>	<u>(223,000)</u>
NET ASSETS, Beginning of year, as restated	<u>6,265,421</u>	<u>1,262,031</u>	<u>7,527,452</u>
NET ASSETS, End of year	<u>\$ 6,098,631</u>	<u>\$ 1,851,453</u>	<u>\$ 7,950,084</u>

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

	For The Years Ended	
	August 31,	
	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,554,539	\$ 422,632
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Noncash contributions	(2,195,964)	(1,477,600)
Net (gains) losses on investments	1,503,934	(452,469)
Change in funds held pursuant to split-interest trust agreements	273,406	(2,067)
Change in funds held on behalf of Campus Crusade for Christ, Inc	253,817	(322,546)
Change in liabilities for annuities and trusts	671,849	(40,346)
Change in liabilities for funds held on behalf of Campus Crusade for Christ, Inc	(253,817)	322,546
Change in other assets and liabilities	<u>—</u>	<u>(90,428)</u>
Net cash flows from operating activities	<u>1,807,764</u>	<u>(1,640,278)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	6,151,322	5,774,754
Purchases of investments	<u>(8,212,986)</u>	<u>(4,133,762)</u>
Net cash flows from investing activities	<u>(2,061,664)</u>	<u>1,640,992</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(253,900)	714
CASH AND CASH EQUIVALENTS, Beginning of year	<u>572,114</u>	<u>571,400</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 318,214</u>	<u>\$ 572,114</u>

**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. (“CCCI”) 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 market 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 market value as determined on the date contributed, based on independent appraisals or other independent analyses. 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 fair market value, as determined by quoted market prices. The Foundation is not an irrevocable beneficiary under any of the trusts. CCCI 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 fair market value, as determined by quoted market prices. Such amounts relate to permanent endowment fund gifts originally made by donors to CCCI. The Foundation holds and manages the funds for the benefit of CCCI pursuant to an agreement with CCCI.

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 fair market value at all times and that other assets be carried at the fair market value of the assets as determined on the date the assets are contributed, unadjusted for subsequent changes in market 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 which vary from approximately 3% to 6%. State law imposes certain restrictions on the manner in which charitable gift annuity assets may be invested.

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 CCCI.

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 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 value of investments and the liabilities for annuities and trusts. Actual results could differ from the estimates.

Reclassifications

Certain amounts included in the financial statements for the year ended August 31, 2007, have been reclassified to conform to classifications adopted during the year ended August 31, 2008. The reclassifications had no material effect on the accompanying financial statements.

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, 2008 and 2007, the Foundation received approximately 44% and 45%, respectively, of its total contribution revenue from three donors.

NOTE D – INVESTMENTS

Investments consisted of the following:

	<u>August 31.</u>	
	<u>2008</u>	<u>2007</u>
Short-term cash and money funds	\$ 1,151,726	\$ 792,325
Mutual funds	7,982,555	6,118,066
Real estate	837,700	1,546,400
Other investments	<u>1,556,163</u>	<u>317,659</u>
Total investments	<u>\$ 11,528,144</u>	<u>\$ 8,774,450</u>

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

NOTE D – INVESTMENTS (Continued)

“Short-term cash and money funds” and “mutual funds” as of August 31, 2008 and 2007 include approximately \$3,480,000 and \$2,300,000, respectively, of amounts which are restricted pursuant to the charitable gift annuity agreements to which they relate. As of August 31, 2008 and 2007, \$6,507,412 and \$5,461,362, respectively, of total investments are held as donor-advised funds. “Investment losses, net” in the accompanying statement of activities for the year ended August 31, 2008, includes approximately \$1,500,000 of net investment losses. “Investment income, net” in the accompanying statement of activities for the year ended August 31, 2007, includes approximately \$452,000 of net investment gains.

NOTE E – RESTRICTIONS ON NET ASSETS

Net assets were temporarily restricted for the following purposes:

	August 31,	
	2008	2007
Estimated future benefit of annuities	\$ 1,045,000	\$ 756,584
Staff endowment funds (principal may be expended)	505,913	581,064
Legacy funds	950,101	513,805
Total temporarily restricted net assets	\$ 2,501,014	\$ 1,851,453

The income generated by the staff endowment funds is to be used to support the work of CCCI staff. The income generated by legacy funds is to be used to support various campus outreach activities and other related purposes of CCCI.

NOTE F – PRIOR PERIOD ADJUSTMENTS

During the year ended August 31, 2007, the Foundation determined that the carrying value of a certain partnership investment was overstated by \$223,000 as of August 31, 2006. Accordingly, unrestricted net assets as of September 1, 2006, have been decreased by this amount.

Additionally, during the year ended August 31, 2007, the Foundation determined that temporarily restricted net assets were overstated by \$164,612 as of August 31, 2006, due to the manner in which restrictions on charitable gift annuities were determined.

The above corrections, which have no effect on the results of the current year’s activities, are summarized as follows:

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total Net Assets
Effect of adjusting partnership investment	\$ (223,000)	\$ —	\$ (223,000)
Effect of adjusting restrictions related to charitable gift annuities	164,612	(164,612)	—
Total prior period adjustments to net assets	\$ (58,388)	\$ (164,612)	\$ (223,000)

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

NOTE G -- SHARED FACILITIES AND SERVICES

The Foundation utilizes certain resources of CCCI in carrying out its activities, including employee time, office space and office equipment. The Foundation is not required to reimburse CCCI for the use of these resources. During the years ended August 31, 2008 and 2007, the Foundation recognized contribution revenue and supporting activities expense of approximately \$202,000 and \$102,000, respectively, in the accompanying statements of activities related to these resources.