



A caring community passionate about  
connecting people to Jesus Christ

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## 2020 Annual Report

“Then Jesus came to them and said, ‘All authority in heaven and on earth has been given to Me. Therefore go and make disciples of all nations, baptizing them in the name of the Father and of the Son and of the Holy Spirit, and teaching them to obey everything I have commanded you. And surely I am with you always, to the very end of the age’” (Matthew 28:18-20, NIV).

# FROM THE PRESIDENT



Thank you very much for your interest in Cru®. In this annual report you will get a glimpse of the fruit borne by staying true to what God has called us to do:

- To help fulfill the Great Commission.
- By winning, building and sending.
- In the power of the Holy Spirit.
- And helping the body of Christ do evangelism and discipleship.

I am so grateful for how the Lord guided and helped our missionaries around the world adapt to the instant changes required due to the COVID-19 pandemic. We saw a spiritual openness to the gospel in many places, and our missionaries were able to bring the hope of Jesus to an uncertain world.

It is a joy to continue to work with many like-minded partners. They have co-labored with us on ministry strategies, in prayer, and through financial support for the fulfillment of the Great Commission. We praise God for them.

After leading our ministry for nearly 20 years, Steve Douglass sensed that it was time for him to step aside as president. Together with his wife, Judy, Steve has led our staff members worldwide with godly teaching and encouragement. We thank the Lord for Steve's faithful service and great heart for the mission.

It is my privilege to carry the torch forward along with our wonderful staff members of this ministry around the world. We remain committed to living out our calling to help fulfill the Great Commission.

A handwritten signature in blue ink that reads "Steve Sellers". The signature is fluid and cursive.

Steve Sellers  
President  
Cru® and Campus Crusade for Christ®

## More Than One Thousand Reached... and Counting

Across the Middle East people are coming to faith in Christ, growing, and becoming multiplying disciples. Angela\*, an American staff member serving in the Middle East, related how God has been at work:

“Sister Angela, my disciples and I have all updated our spiritual family trees, and I wanted you to know that we have increased in number by 568.”

As Amira\* texted me an update this week, I learned that she now has 44 disciples. All of these disciples believed through her since she accepted Christ last May, and 27 of them have seen others believe. Fifteen of the 27 have now seen two to six generations of new believers.

When I add all the stats together, it’s clear that in 2020 well over 1,000 whom we can track have given their lives to Christ.

The vision entrusted from the Lord to our team over the past few years is happening. Ninety percent of these 1,000 people believed through new believers, many of whom continue to coach, mentor and train others. God is still doing immeasurably more than we could have ever asked or imagined. In our base country and two others as well, movements continue to sustain themselves, multiply and accelerate!

What has been so powerful for me to witness is that the scope of what God invited us into has not only touched universities, but also whole families and communities. Too-many-to-count online Bible study and discipleship groups have been started and multiplied by new believers, as well as several online ministries, and even an online church!

\*names changed for security



Photo by AJones

## When the Sermon Went Viral

During the COVID-19 pandemic, God is expanding Cru's impact well beyond local ministries. In Samoa — a Polynesian island country in the middle of the South Pacific Ocean — Tongan campus staff members Soi and Fataki Finau (pictured) have seen God's power in new ways.

When the pandemic began, Fataki was nearly stranded after a ministry training in Fiji, but made the last flight to Samoa. Then she was quarantined with 35-40 university students, mostly from the medical school. This was an answer to prayer. The Cru staff had been trying to have a ministry with the medical students for some time. Fataki shared the gospel and had daily devotions with the female students.

On Good Friday 2020, Soi's Facebook Live sermon went viral when 10,000 Tongans tuned in. What started as a simple way to minister to the local Tongan church in Samoa during lockdown ended up reaching Tongans around the world.

Soi finished his sermon with a prayer for people to invite Christ into their lives. Afterward, 200 people messaged that they had put their faith in Him. Soi then began Bible studies twice a week to teach the new believers how to follow Jesus.

When Soi challenged those listening to join him in 40 days of prayer and a 21-day fast, nearly a thousand people participated. Some called Soi, weeping over the way God was working in their lives.

Nearly a year later, a ministry Facebook group Soi started has more than 20,000 members. Times of prayer and fasting continue, and pastors from around the world give daily live devotions.

At Soi's encouragement, more than 20 cities now have cell groups that are evangelizing and discipling. "This could be the highlight for me," Soi commented. "I see a movement happening and spiritual multiplication, and it's all about the Spirit of God moving when we step up by faith."



Photo provided by Cru

## A Fisherman and Church Multiplication

Like his father and grandfather, Arbogast Henga was a fisherman in Tanzania. In 2011 he traveled to a district known for its witch doctors, believing they could help him catch more fish.

Instead, he met Kanagana, a preacher proclaiming Jesus. And just like Peter, Andrew, James and John, Arbogast left his boat and nets, followed Jesus and became a fisher of men. As he grew, he began discipling others, starting six new churches and turning them over to other leaders. But he had no real plan for the work.

In 2017 Arbogast attended a training offered by the Cru ministry in Tanzania. He learned about the concepts of a “person of peace” and “pray-care-share.” He learned how to enable newly planted churches to sustain themselves through intentional discipleship, empowering new believers for ministry and raising up leaders to engage new areas with evangelism and church planting.

Arbogast learned about the vision to plant a church for every 1,000 people on earth. This vision had inspired church leaders from his country to pledge to collaborate with each other at a 2015 regional conference of the Global Alliance for Church Multiplication (GACX), started by Cru. The training Arbogast attended was part of fulfilling that vision to work together as the body of Christ, avoiding duplication and increasing fruitfulness.

Walking from one village to the next, Arbogast has put his training into practice. He started by reaching and training George, who reached and trained Ibrahim, who reached and trained Diana... Hundreds of people have come to Christ. And new churches have begun, each meeting in a different village, each started by the generation before.

At last count, the churches had multiplied to 25 generations. Arbogast wants to see a church planted in every village in Tanzania.

With training and vision, by God’s grace, this faithful gospel fisherman is catching and training a lot of “fish” for the kingdom — and training them to catch and train many others as well.

Arbogast Henga holds his church multiplication chart, showing 25 generations of churches planting churches in two years.

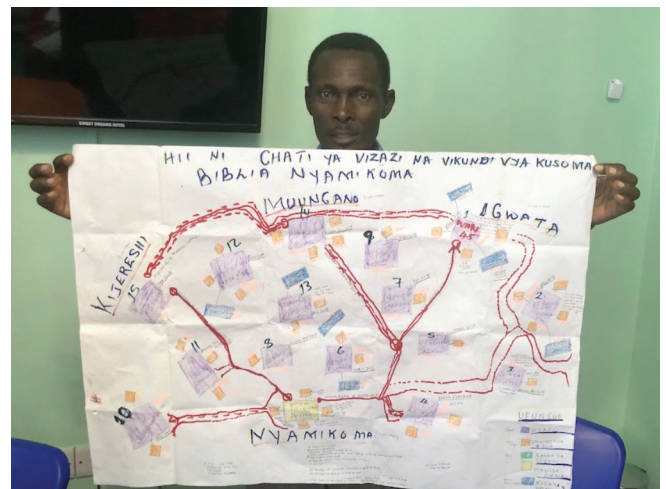


Photo provided by Cru

## Video Stories



### **God's Work Never Locks Down**

In this unique 2020 video, staff members from around the world tell how they are committed to sharing the love and hope of Jesus in these uncertain times.



### **University of Arkansas Fraternity Guys Trust Christ**

University of Arkansas staff member Jordan Eoff was frustrated by the lack of response from freshmen in the fraternities he hoped to reach with the gospel. Then he tried a new technique, including an invite to come with friends to Torchy's Tacos. What happened laid the foundation for discipleship among the fraternity men — and was beyond anything Jordan had seen in 20 years of ministry.



### **University of Georgia Instagram Outreach**

University of Georgia staff members decided to try an Instagram strategy other campus teams had used to reach out to new students. Early on, the staff members handed the strategy to student leaders to run. As months went by and students reached through Instagram were discipled, staff members were awed by God's work.



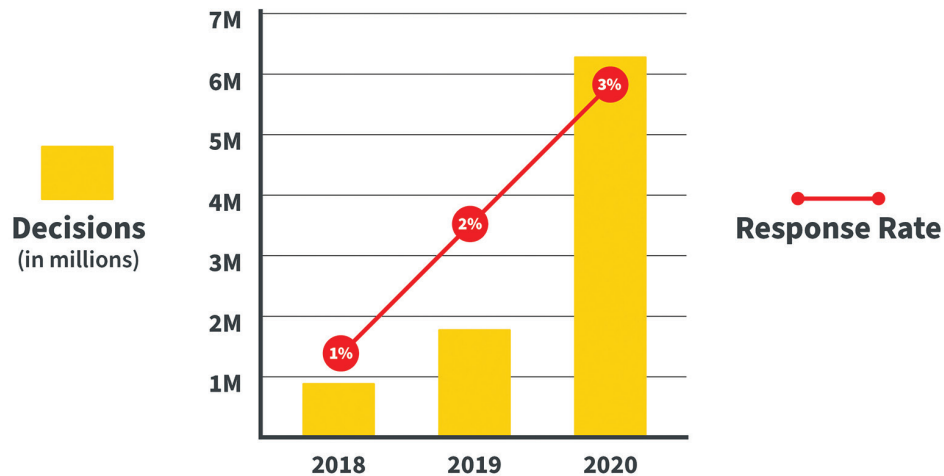
### **Kariny's Testimony, Then and Now**

In this short, two-part video, recorded in 2015 and 2021, learn how Kariny became a student leader of the Cru movement in her city in Brazil. And hear how her training is helping her now in her career as an engineer.

For more stories, visit: <https://www.cru.org/storylines>

# Impact of the Ministry

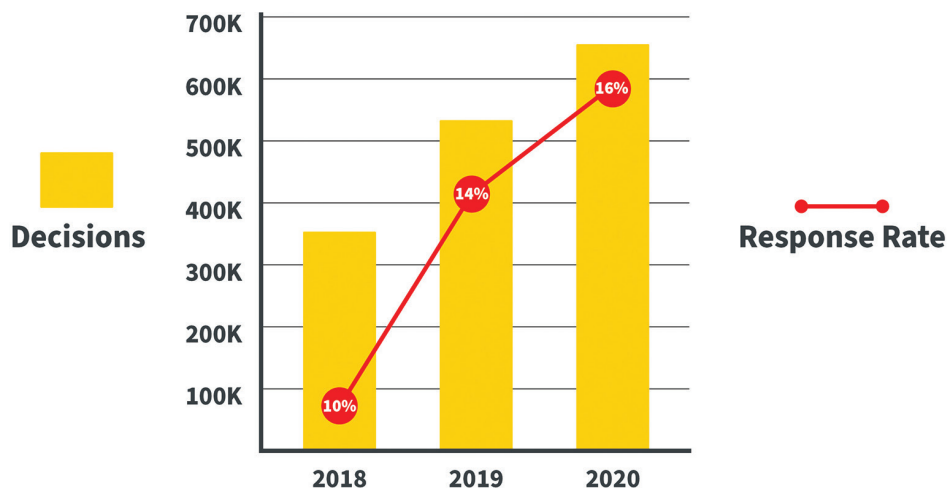
## Decisions From Mass/Group Presentations



Footnotes:

1. Data does not include Jesus Film® information.
2. Data does not include results from Korea and Canada for the fourth quarter of 2020.
3. The dramatic increase in 2020 is due to the **Hope2020 campaign** in Southern and Eastern Africa. During the campaign, they saw an average 2.5% response rate to the gospel.

## Decisions From Personal Presentations



Footnotes:

1. Data does not include Jesus Film® information.
2. Data does not include results from Korea and Canada for the fourth quarter of 2020.

# Scope of the Ministry

Our calling in Cru is to help fulfill the Great Commission by winning, building and sending in the power of the Holy Spirit and helping the body of Christ do evangelism and discipleship. Here are the various ministries dedicated to this task.

Ministry	Audience	Impact
<b>Athletes in Action<sup>®</sup></b>	Professional and amateur athletes and coaches	Developing athletes physically, mentally and spiritually
<b>Christian Embassy<sup>®</sup>, D.C.</b>	Government leaders and diplomatic communities	Reaching government, military and diplomatic leaders with the gospel
<b>Christian Embassy<sup>®</sup>–United Nations</b>	United Nations diplomats and staff	Providing spiritual encouragement to the diplomatic community at the United Nations
<b>Cru City</b>	People in workplaces and neighborhoods, churches, refugees, artists and influencers	Engaging the curious and equipping followers so all find their place in God’s story
<b>Cru Inner City</b>	Urban churches, pastors, leaders, marginalized urban communities	Serving and mobilizing the church to live out God’s heart for the poor
<b>Cru Military<sup>®</sup></b>	Armed-services personnel worldwide	Spiritually building up the military community by meeting them at their greatest point of need
<b>FamilyLife<sup>®</sup></b>	Couples, parents, blended families	Providing transferable, biblically-based help at every stage in marriages and family life
<b>International School Project</b>	Teachers, educational professionals	Equipping and empowering teachers and educators to change the world

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# Scope of the Ministry

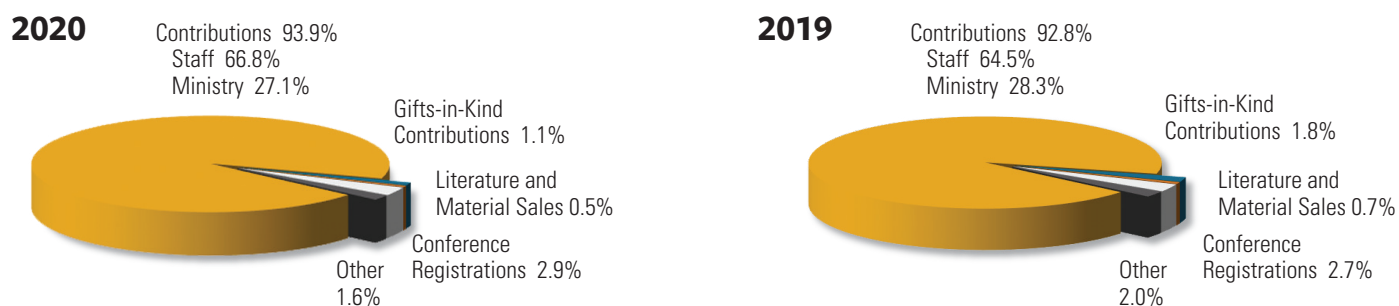
Ministry	Audience	Impact
<b>Jesus Film Project</b> <sup>®</sup>	“Everyone, Everywhere”	Bringing Christ-centered videos to the ends of the earth
<b>Josh McDowell Ministry</b> <sup>™</sup>	Students, parents, leaders, churches, virtual movements	Equipping believers to live, defend and share their faith
<b>StoryRunners</b> <sup>®</sup>	Local followers of Christ, unreached people groups	Equipping believers to produce and use oral Bible stories to launch communities of multiplying disciples
<b>Cru’s campus ministry</b>	University students	Helping students to know Jesus, grow in their faith and go to the world to tell others
<b>Cru’s high school ministry</b>	Middle school and high school students and teachers	Reaching middle and high school students for Christ and helping them thrive in all areas of their lives: spiritual, academic and social
<b>Faculty Commons</b> <sup>®</sup>	University faculty and staff members, graduate students	Reaching and equipping professors to reach their colleagues for Jesus Christ
<b>Unto</b> <sup>™</sup>	People who require humanitarian aid	Relieving suffering, restoring dignity, revealing hope through Jesus by providing humanitarian aid along with the gospel to those with desperate needs

## FINANCIAL HIGHLIGHTS

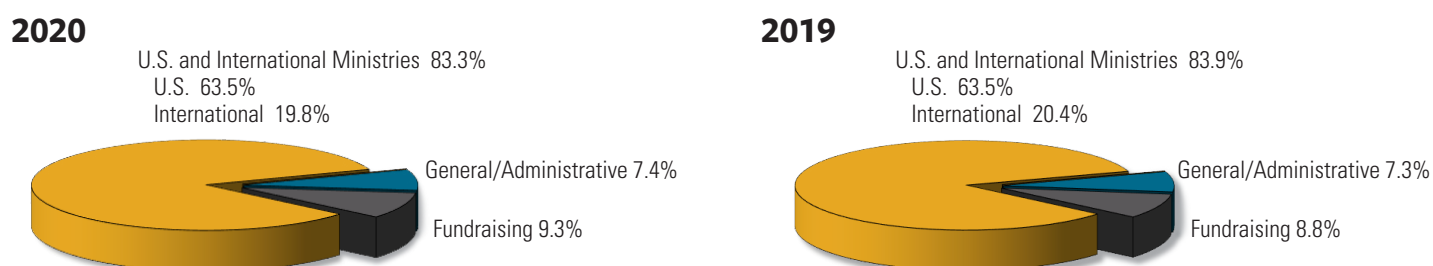
	2020	2019	2018	2017
United States Revenues	\$ 600,079,000	\$ 624,627,000	\$ 627,461,000	\$ 598,409,000
Operating Change in Net Assets <sup>1</sup>	\$ 30,336,000	\$ 17,820,000	\$ 33,158,000	\$ 20,369,000
Non-Operating Change in Net Assets <sup>1</sup>	\$ 26,953,000	\$ (3,767,000)	\$ 5,144,000	\$ 6,195,000
Total Change in Net Assets	\$ 57,289,000	\$ 14,053,000	\$ 38,302,000	\$ 26,564,000
International Revenues <sup>2</sup>	\$ 150,549,000	\$ 161,262,000	\$ 151,082,000	\$ 150,145,000
World Revenues (U.S. and International)	\$ 750,628,000	\$ 785,889,000	\$ 778,543,000	\$ 748,554,000
Fundraising Expenses <sup>3</sup>	9.2%	9.1%	9.2%	7.9%
General and Administrative Expenses <sup>3</sup>	7.4%	7.3%	7.4%	7.3%
Average Size of Gift Received	\$ 130	\$ 129	\$ 128	\$ 126
Most Frequent Contribution	\$ 50	\$ 50	\$ 50	\$ 50
Average Staff Family's Monthly Compensation	\$ 6,301	\$ 6,122	\$ 6,001	\$ 5,856
Average Staff Single's Monthly Compensation	\$ 2,900	\$ 2,682	\$ 2,559	\$ 2,411

1. Operating change in net assets excludes Pension expenses and net Investment Income. Non-Operating change in net assets includes Pension expenses and net Investment Income.
2. 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.
3. Fundraising expenses (above) are shown as a percentage of contributions, while Fundraising on the pie charts (below) are shown as a percentage of total functional expenses. General and administrative expenses are shown as a percentage of total functional expenses.

## SOURCES OF U.S. REVENUES



## USES OF FUNDS



# REPORT OF INDEPENDENT AUDITORS

The Board of Directors  
Campus Crusade for Christ Inc. and Subsidiaries

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, 2020 and 2019, 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 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 consolidated financial statements that are free of material misstatement, whether due to fraud or error.

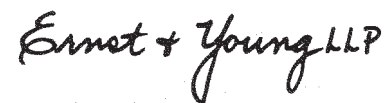
## **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of FamilyLife, Great Commission Foundation, New Life Insurance Co., and GAIN International, wholly-owned subsidiaries, which statements reflect total assets constituting 20% in 2020 and 21% in 2019 and total revenues constituting 9% in 2020 and 9% in 2019 of the related consolidated totals. 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, 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 consolidated financial statements are free of material misstatement.

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

## **Opinion**

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Campus Crusade for Christ Inc. and Subsidiaries at August 31, 2020 and 2019, and the consolidated changes in their net assets and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

The signature of Ernst & Young LLP is written in a cursive, handwritten style in black ink.

Orlando, Florida  
December 9, 2020

# CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In Thousands)  
August 31, 2020 and 2019

	2020	2019
<b>ASSETS</b>		
Cash and cash equivalents	\$ 91,252	\$ 61,715
Investments	316,913	282,443
Accounts and other receivables	6,770	3,685
Inventories	2,451	1,831
Gifts-in-kind inventories	6,578	6,781
Property held for sale	451	1,750
Restricted cash and investments	3,774	3,874
Prepaid and other assets	15,916	19,843
Property and equipment:		
Land and land improvements	5,601	7,082
Buildings and improvements	75,483	83,057
Furniture and equipment	48,270	49,043
Total property and equipment	129,354	139,182
Accumulated depreciation	(87,870)	(89,818)
Net property and equipment	41,484	49,364
Total assets	<b>\$ 485,589</b>	<b>\$ 431,286</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable	\$ 6,941	\$ 5,650
Accrued salaries and related expenses	24,383	24,573
Long-term severance and disability	49,324	46,566
Other accrued liabilities	11,494	20,098
Pension liability	36,483	34,818
Long-term debt	606	512
Total liabilities	129,231	132,217
Net assets:		
Without donor restrictions	341,350	284,148
With donor restrictions	15,008	14,921
Total net assets	356,358	299,069
Total liabilities and net assets	<b>\$ 485,589</b>	<b>\$ 431,286</b>

See accompanying notes.

# CONSOLIDATED STATEMENTS OF ACTIVITIES

(In Thousands)  
Year Ended August 31, 2020

2020	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Contributions	\$ 562,818	\$ 332	\$ 563,150
Gifts-in-kind contributions	6,959	–	6,959
Literature and material sales	2,925	–	2,925
Conference registrations	17,196	–	17,196
Other income	9,495	354	9,849
Net assets released from restrictions	599	(599)	–
Total revenues	599,992	87	600,079
Expenses:			
Operating expenses:			
Campus	164,136	–	164,136
Community	137,784	–	137,784
Coverage	60,030	–	60,030
International ministries	112,849	–	112,849
General and administrative	42,218	–	42,218
Fundraising	52,726	–	52,726
Total expenses	569,743	–	569,743
Change in net assets from operations	30,249	87	30,336
Non-operating activities:			
Investment returns, net	22,741	–	22,741
Gain on sale of property	5,037	–	5,037
Pension-related changes other than net periodic pension cost	(825)	–	(825)
Change in net assets	57,202	87	57,289
Net assets – beginning of year	284,148	14,921	299,069
Net assets – end of year	\$ 341,350	\$ 15,008	\$ 356,358

See accompanying notes.

# CONSOLIDATED STATEMENTS OF ACTIVITIES

(In Thousands)  
Year Ended August 31, 2019

<b>2019</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Revenues:			
Contributions	<b>\$ 575,558</b>	<b>\$ 4,417</b>	<b>\$ 579,975</b>
Gifts-in-kind contributions	<b>10,949</b>	–	<b>10,949</b>
Literature and material sales	<b>4,352</b>	–	<b>4,352</b>
Conference registrations	<b>16,852</b>	–	<b>16,852</b>
Other income	<b>12,389</b>	<b>110</b>	<b>12,499</b>
Net assets released from restrictions	<b>3,821</b>	<b>(3,821)</b>	–
<b>Total revenues</b>	<b>623,921</b>	<b>706</b>	<b>624,627</b>
Expenses:			
Operating expenses:			
Campus	<b>184,175</b>	–	<b>184,175</b>
Community	<b>132,337</b>	–	<b>132,337</b>
Coverage	<b>68,708</b>	–	<b>68,708</b>
International ministries	<b>123,676</b>	–	<b>123,676</b>
General and administrative	<b>44,102</b>	–	<b>44,102</b>
Fundraising	<b>53,809</b>	–	<b>53,809</b>
<b>Total expenses</b>	<b>606,807</b>	–	<b>606,807</b>
 Change in net assets from operations	 <b>17,114</b>	 <b>706</b>	 <b>17,820</b>
Non-operating activities:			
Investment returns, net	<b>8,517</b>	–	<b>8,517</b>
Pension-related changes other than net periodic pension cost	<b>(12,284)</b>	–	<b>(12,284)</b>
<b>Change in net assets</b>	<b>13,347</b>	<b>706</b>	<b>14,053</b>
Net assets – beginning of year	<b>270,801</b>	<b>14,215</b>	<b>285,016</b>
<b>Net assets – end of year</b>	<b>\$ 284,148</b>	<b>\$ 14,921</b>	<b>\$ 299,069</b>

See accompanying notes.

# CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands)

Year ended August 31, 2020 and 2019

	2020	2019
<b>Operating activities</b>		
Change in net assets	\$ 57,289	\$ 14,053
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	4,635	4,808
Pension-related changes	1,665	12,954
Net realized and unrealized gain on investments	(21,734)	(5,381)
Donated Investments	(9,410)	(8,527)
Proceeds from sale of Donated Investments	9,410	8,527
Gain on sale of property held for sale	(105)	(12)
Loss (gain) on disposal of fixed assets	(369)	637
Gain on sale of fixed assets	(5,037)	–
Gifts of property held for sale	(1,233)	(3,444)
Changes in operating assets and liabilities:		
Accounts and other receivables	(3,085)	1,697
Inventories	(417)	2,195
Prepaid expenses	3,784	(3,423)
Other assets	(393)	(2,111)
Accounts payable	1,291	654
Accrued salaries and related expenses	(190)	840
Long-term severance and disability	2,758	7,437
Other accrued liabilities	(8,604)	(4,087)
Net cash provided by operating activities	<u>30,256</u>	<u>26,817</u>
<b>Investing activities</b>		
Sales and maturities of investments	151,341	99,118
Purchases of investments	(163,977)	(113,243)
Purchases of intangible assets	(363)	(713)
Capital expenditures	(2,669)	(3,832)
Proceeds from sale of fixed assets	12,218	–
Proceeds from sale of property held for sale	2,637	3,041
Net cash used in investing activities	<u>(813)</u>	<u>(15,629)</u>
<b>Financing activities</b>		
Net proceeds from long-term debt	139	–
Payments on long-term debt	(45)	(38)
Net cash used in financing activities	<u>94</u>	<u>(38)</u>
Net increase in cash and cash equivalents	29,537	11,150
Cash and cash equivalents – beginning of year	61,715	50,565
Cash and cash equivalents – end of year	<u>\$ 91,252</u>	<u>\$ 61,715</u>
<b>Supplemental disclosures of cash flow information</b>		
Interest paid	<u>\$ 45</u>	<u>\$ 40</u>

See accompanying notes.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In Thousands)

August 31, 2020

## 1. Organization and 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.

**Measure of Operations** The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Ministry's ongoing activities. Non-operating activities are limited to resources that generate return from investments, the change in the pension unrecognized net loss or gain, and other activities considered to be of a more unusual or nonrecurring nature.

**Basis of Presentation** Revenues are reported as increases in net assets without donor restrictions 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 net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions 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 additions to net assets without donor restrictions 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 contributions in net assets with donor restrictions. 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 cash and financial instruments without donor restrictions, 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 non-performance 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, educational materials, and ministry evangelical materials.

**Gift-in-Kind Inventories** Gift-in-kind inventories consist primarily of items such as clothing, healthcare items, vegetable seeds, 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 market sources and inputs to estimated fair value using an exit price notion.

**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. Investment-related activity (realized/unrealized gains and losses and investment income) are reflected net of related expenses in the non-operating activities section of the statements of activities.

The Ministry maintains various pools of investments, each having an Investment Policy Statement (IPS) approved by the Board of Directors that governs the investment of ministry funds. The Ministry also retains independent Investment Advisory Consultants who advise 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.

**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 value. These funds totaled \$1,777 and \$1,753 at August 31, 2020 and 2019, respectively, and are included in investments in the accompanying consolidated statements of financial position.

**Investments Without Readily Determinable Values** Investments without readily determinable values consist predominantly of funds-of-funds and are included within investments at fair value. Under generally accepted accounting principles, a reporting entity is permitted, as a practical expedient, to estimate the fair value of such an investment using the net asset value per share (or its equivalent, such as member units or an ownership interest in partners' capital to which a proportionate share of net assets is attributed)



of certain investments, if the net asset value per share of the investment (or its equivalent) is calculated in a manner consistent with the measurement principles of investment funds. At August 31, 2020 and 2019, the net asset value approximates the fair value of the funds as reported by the investment fund managers. Due to the inherent uncertainty of these estimates, these values may differ from the values that would have been used had a ready market for these investments existed, and the differences could be material.

**Property Held for Sale** Property held for sale includes land, buildings, and improvements and is presented at fair market value at the time of gift or acquisition, less estimated 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. 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, 2020 and 2019, depreciation expense was \$3,737 and \$3,893, respectively. As of August 31, 2020 and 2019, the Ministry had unamortized software costs totaling \$0 and \$10 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. Intangible assets relating to the *JESUS* film, and similar intangible assets, are being amortized on a straight-line basis over their useful lives of 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, 2020 and 2019, net intangible assets were \$4,542 and \$5,486, respectively. For the years ended August 31, 2020 and 2019, amortization expense was \$898 and \$915, respectively.

Intangible assets will be amortized over future periods as follows:

Years ending August 31:	
2021	777
2022	620
2023	507
2024	395
Thereafter	2,243
	<u>\$ 4,542</u>

**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 disability in the accompanying consolidated statements of financial position. At August 31, 2020 and 2019, the Ministry recorded \$20,494 and \$19,208, 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 the liability for unpaid losses and loss adjustment expenses including case-basis estimates of reported losses, plus incurred but not reported losses (IBNR) calculated based upon loss projections utilizing historical data supplemented by industry data. In establishing the liability for losses and loss adjustment expenses, New Life utilizes the findings of an independent consulting actuary for all coverages except the Miscellaneous Professional Liability, Employment Practices Liability and International Travel Assistance coverages. Estimates for these coverages are developed by management and reviewed for reasonableness by the actuary. A significant degree of judgment is required in estimating the liability for losses and loss adjustment expense reserves. Management believes that its aggregate liability for unpaid losses and loss adjustment expenses as of August 31, 2020 and 2019, represents its best estimate, based upon the available data, of the amount necessary to cover the ultimate cost of losses. As of August 31, 2020 and 2019, the accrued liability for losses and loss adjustment expenses was \$2,191 and \$3,875, respectively, which is included in 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, 2020 and 2019, New Life's surplus was \$27,903 and \$23,770, 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, 2020 and 2019, the liability for annuities and trusts was \$4,464 and \$3,794, respectively, which is included in 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 \$232 and \$198 as of August 31, 2020 and 2019, 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 3% to 6%.

**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. All expenses are allocated to the functional categories of Program (Campus, Community, Coverage and International), General and Administrative, or Fundraising. Staff member expenses include the costs of their salary, benefits, 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 Program (Community). The Community portion represents time spent in ministry to supporters and building public awareness for the Ministry. The balance of staff costs is allocated to the other functional categories based on the number of staff assigned to each ministry and each respective ministry's primary functional category.

Ministry work is generally allocated to Program. Expenses incurred related to fundraising efforts in each ministry are allocated to Fundraising. Expenses incurred in a ministry area located at the world headquarters in Orlando, Florida, substantially focused on supporting operations, are allocated primarily to the General and Administrative. Each subsidiary of

the Ministry is classified as either Program, General and Administrative, or Fundraising, and all of its expenses are allocated accordingly. Global Aid Network and FamilyLife, have their expenses primarily allocated to Program with a portion allocated to Fundraising.

**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.

**Endowments** The Ministry classifies as net assets with donor restrictions (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 endowment fund is also classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Ministry in a manner consistent with the standard of prudence prescribed by UPMIFA.

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 with donor restrictions 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.

**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 non-student 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.

**Net Asset Classifications** The Ministry classifies Net assets based on the existence or absence of donor restrictions. Accordingly, net assets and changes in net assets are classified and reported as follows: *Net assets without donor restrictions* consist of funds available for the general operations of the Ministry. *Net assets with donor restrictions* consist of funds available only after specific donor stipulations have been met. Designations for staff support or ministry projects are not determined to be donor imposed restrictions. The Ministry reports gifts

of cash and other assets as contributions with donor restrictions, if they are received with donor stipulations limiting the use of the gifts. Some donor imposed restrictions are temporary in nature, including those that will be met by the passage of time or other event specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a donor restriction expires, net assets are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

**Ministry Liquidity** The Ministry's working capital and cash flows fluctuate during the year due to the timing of contributions and expenditures. The following reflects the Ministry's financial assets as of the statement of financial position date, August 31, 2020, reduced by amounts not available for general use within one year of the balance sheet date because of management investment committee direction, contractual obligations, or donor-imposed restrictions.

Financial assets, at year end:	
Cash and cash equivalents	\$ 91,252
Short-term investments	34,049
Accounts and other receivables	6,770
Total financial assets	<u>132,071</u>
Less those unavailable for general expenditure within one year:	
Amounts with donor restrictions	15,008
Restricted cash and investments included in above	<u>—</u>
Funds unavailable for general expenditure	15,008
Board designations:	
Amount set aside for liquidity reserve	<u>—</u>
Financial assets available to meet cash needs for general expenditures	<u>\$ 117,063</u>

The Ministry is substantially supported by contributions without donor restrictions. However, because any donor's restriction requires resources to be used in a particular manner or in a future period, the Ministry must maintain sufficient resources to meet those responsibilities to its donors. Thus, not all financial assets may be available for general expenditure within one year. As part of the Ministry's liquidity management, it has a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Ministry invests cash in excess of daily requirements in short-term and long-term investments. In the event of an unanticipated liquidity need, the Ministry has access to \$27,000 of unsecured lines of credit. See Note 9 for details on the credit line.

**New Accounting Pronouncements** In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606) at the conclusion of a joint effort with the International Accounting Standards Board to create common revenue recognition guidance for US. In August of 2015, FASB issued ASU 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date, which makes ASU 2014-09 effective for the fiscal year ending August 31, 2020. In June 2020, the FASB issued ASU 2020-05 which amends the effective date of the Board's standards on revenue (ASC 606) to a date as yet unknown. The Ministry continues to evaluate the impact this will have on the consolidated financial statements, and is closely monitoring changes deliberated by the FASB related to its implementation.

In February 2016, the FASB issued ASU No. 2016-02, Leases which requires lessees to recognize on the balance sheet the assets and liabilities for the rights and obligations created by leases with lease terms of more than 12 months. Unlike current US GAAP, which requires only capital leases to be recognized on the balance sheet, ASU 2016-02 will require both types of leases to be recognized on the balance sheet. The standard is effective for the fiscal year ending August 31, 2022. In June 2020, the FASB issued ASU 2020-05 which amends the effective date of the Board's standard on leasing (ASC 842) to a date as yet unknown.

Management is currently evaluating the effect of adopting the new standard on the Ministry's consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments. The new guidance is intended to reduce diversity in practice on how certain transactions are classified in the statement of cash flows. The implementation of this ASU had minimal impact to the Ministry.

In November 2016, the FASB issued Accounting Standards Update (ASU) 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. The new amendments in this ASU require that amounts generally described as restricted cash and cash equivalents be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period amounts shown on the statement of cash flows.

In March 2017, the FASB issued ASU No. 2017-07, Compensation – Retirement Benefits (Topic 715) Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost which will require that an employer disaggregate the service cost component from the other components of net benefit cost. The standard is effective for fiscal year ending August 31, 2020. The implementation of this ASU had minimal impact to the Ministry.

As a result of the recent federal income tax reform enacted into law under the Tax Cuts and Jobs Act of 2017, certain provisions will impact tax-exempt organizations, including revisions to taxes on unrelated business activities, excise taxes on compensation of certain employees, and various other provisions. The regulations necessary to implement the law have not yet been promulgated, and the ultimate outcome of these regulations and the impact to the Company cannot be determined presently. The Company will continue to review and assess the impact of the legislation to the financial statements, but do not expect that the impact will be material.

In June 2018, the FASB issued an ASU 2018-08 Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. The ASU is intended to clarify and improve the scope and the accounting guidance for contributions received and made, primarily by not-for-profit organizations. This ASU had minimal impact on the Ministry.

## 2. Contributions Receivable

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.

At August 31, 2020 and 2019, the Ministry has \$73,646 and \$65,962, respectively, in non-legally binding, long-term intentions 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 contributions are actually received in future years.

## 3. Investments

Investments at August 31 were as follows:

2020	Cost	Net Unrealized Gains (Losses)	Fair Value	%
<b>Investments</b>				
Equity securities:				
Domestic equity	\$ 15,299	\$ 1,005	\$ 16,304	5%
Mutual funds invested in equity securities	76,508	31,541	108,049	34
Mutual funds invested in mixed securities	46,272	(1,373)	44,899	15
Total equity securities	138,079	31,173	169,252	54
Debt securities:				
U.S. treasury securities	13,108	(6)	13,102	4
U.S. government agencies and sponsored entities	20,870	563	21,433	7
Corporate bonds	58,333	735	59,068	19
Foreign issues	1,818	27	1,845	1
Mutual funds	29,403	324	29,727	9
Municipalities	1,171	16	1,187	—
Asset/mortgage-backed securities	590	9	599	—
Other	3,356	32	3,388	1
Total debt securities	128,649	1,700	130,349	41
Alternative investments	15,419	1,122	16,541	5
<b>Investments held in charitable remainder trusts</b>				
Equity securities:				
Mutual funds invested in equity securities	444	79	523	—
Mutual funds invested in mixed securities	190	13	203	—
Other	45	—	45	—
Total securities	679	92	771	—
Total investments	\$ 282,826	\$ 34,087	\$ 316,913	100%

2019	Cost	Net Unrealized Gains (Losses)	Fair Value	%
<b>Investments</b>				
Equity securities:				
Domestic equity	\$ 13,837	\$ 1,158	\$ 14,995	5%
Mutual funds invested in equity securities	73,749	20,219	93,968	33
Mutual funds invested in mixed securities	39,392	1,609	41,001	15
Total equity securities	126,978	22,986	149,964	53
Debt securities:				
U.S. treasury securities	36,620	689	37,309	13
U.S. government agencies and sponsored entities	3,469	4	3,473	1
Corporate bonds	30,208	243	30,451	11
Mutual funds	22,026	168	22,194	8
Municipalities	204	2	206	—
Asset/mortgage-backed securities	16,922	134	17,056	6
Other	3,859	8	3,867	2
Total debt securities	113,308	1,248	114,556	41
Alternative investments	15,986	1,186	17,172	6
<b>Investments held in charitable remainder trusts</b>				
Equity securities:				
Mutual funds invested in equity securities	447	38	485	—
Mutual funds invested in mixed securities	234	8	242	—
Other	24	—	24	—
Total securities	705	46	751	—
Total investments	\$ 256,977	\$ 25,466	\$ 282,443	100%

At August 31, 2020, the Ministry held investments exceeding 10.0% of the total investment portfolio in an equity mutual fund totaling 16.5% of total investments. At August 31, 2019, the Ministry held investments exceeding 10.0% of the total investment portfolio in an equity mutual fund totaling 16.2% of total investments.

Mutual funds included \$5,090 and \$5,094 of annuity-related investments as of August 31, 2020 and 2019, respectively. The Ministry received investments as donations totaling \$9,410 and \$8,527 as of August 31, 2020 and 2019, respectively.

Investment income, net of related expenses totaling \$22,741 and \$8,517, for the years ended August 31 is included in other income in the accompanying consolidated statements of activities and consists of the following:

	2020	2019
Investment income	<b>\$ 6,062</b>	\$ 9,268
Net realized gains on the sale of investments	<b>7,748</b>	1,256
Net unrealized (loss) gain on investments	<b>8,931</b>	(2,007)
	<b>\$ 22,741</b>	\$ 8,517

A total of \$1,339 and \$1,263 of investment expenses were netted against investment income for the years ended August 31, 2020 and 2019, respectively.

Investments are measured at fair value on a recurring basis, determined using inputs comprising the following at August 31, 20:

Investments	Level 1	Level 2	Level 3	Total
<b>Equity securities:</b>				
Domestic equity	<b>\$ 16,304</b>	\$ —	\$ —	<b>\$ 16,304</b>
Mutual funds invested in equity securities	<b>108,049</b>	—	—	<b>108,049</b>
Mutual funds invested in mixed securities	<b>44,899</b>	—	—	<b>44,899</b>
<b>Total equity securities</b>	<b>169,252</b>	—	—	<b>169,252</b>
<b>Debt securities:</b>				
U.S. treasury securities	<b>11,977</b>	<b>1,125</b>	—	<b>13,102</b>
U.S. government agencies and sponsored entities	—	<b>21,433</b>	—	<b>21,433</b>
Corporate bonds	—	<b>59,068</b>	—	<b>59,068</b>
Foreign Issues	—	<b>1,845</b>	—	<b>1,845</b>
Mutual funds	<b>29,727</b>	—	—	<b>29,727</b>
Municipalities	—	<b>1,187</b>	—	<b>1,187</b>
Asset/mortgage-backed securities	—	<b>599</b>	—	<b>599</b>
Other	<b>3,388</b>	—	—	<b>3,388</b>
<b>Total debt securities</b>	<b>45,092</b>	<b>85,257</b>	—	<b>130,349</b>
<b>Investments held in split-interest trust agreements</b>				
<b>Equity securities:</b>				
Mutual funds invested in equity securities	<b>523</b>	—	—	<b>523</b>
Mutual funds invested in mixed securities	<b>203</b>	—	—	<b>203</b>
Other	<b>45</b>	—	—	<b>45</b>
<b>Total equity securities</b>	<b>771</b>	—	—	<b>771</b>
<b>Total FMV investments</b>	<b>\$ 215,115</b>	<b>\$ 85,257</b>	<b>\$ —</b>	<b>\$ 300,372</b>
<b>Investments measured at NAV:</b>				
Fund to Funds:				
Alternative investments				<b>16,541</b>
<b>Total investments</b>				<b>\$ 316,913</b>

Investments are measured at fair value on a recurring basis, determined using inputs comprising the following at August 31, 2019:

Investments	Level 1	Level 2	Level 3	Total
<b>Equity securities:</b>				
Domestic equity	\$ 14,995	\$ —	\$ —	\$ 14,995
Mutual funds invested in equity securities	93,968	—	—	93,968
Mutual funds invested in mixed securities	41,001	—	—	41,001
<b>Total equity securities</b>	<b>149,964</b>	<b>—</b>	<b>—</b>	<b>149,964</b>
<b>Debt securities:</b>				
U.S. treasury securities	16,733	20,576	—	37,309
U.S. government agencies and sponsored entities	45	3,428	—	3,473
Corporate bonds	1,066	29,385	—	30,451
Mutual funds	22,194	—	—	22,194
Municipalities	—	206	—	206
Asset/mortgage-backed securities	—	17,056	—	17,056
Other	3,867	—	—	3,867
<b>Total debt securities</b>	<b>43,905</b>	<b>70,651</b>	<b>—</b>	<b>114,556</b>
<b>Investments held in split-interest trust agreements</b>				
<b>Equity securities:</b>				
Mutual funds invested in equity securities	485	—	—	485
Mutual funds invested in mixed securities	242	—	—	242
Other	24	—	—	24
<b>Total equity securities</b>	<b>751</b>	<b>—</b>	<b>—</b>	<b>751</b>
<b>Total FMV investments</b>	<b>\$ 194,620</b>	<b>\$ 70,651</b>	<b>\$ —</b>	<b>\$ 265,271</b>
<b>Investments measured at NAV:</b>				
Fund to Funds:				
Alternative investments				17,172
<b>Total investments</b>				<b>\$ 282,443</b>

#### 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.

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 that 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.

Financial Instruments held by the Ministry as of August 31, 2020 and 2019, are recorded within cash and cash equivalents, investments, restricted cash and investments, and net pension liability within the consolidated statement of financial position. 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 investments that are measured at fair value on a recurring basis was determined using inputs comprising the following at August 31, 2020:

<b>2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Fair value investment values</b>				
Cash equivalents	\$ 471	\$ —	\$ —	\$ 471
Equity securities:				
Domestic equity	16,304	—	—	16,304
Mutual funds invested in equity securities	110,261	—	—	110,261
Mutual funds invested in mixed securities	44,899	—	—	44,899
Total equity securities	171,935	—	—	171,935
Debt securities:				
U.S. treasury securities	11,977	1,125	—	13,102
U.S. government agencies and sponsored entities	—	21,433	—	21,433
Corporate bonds	—	59,068	—	59,068
Foreign issues	—	1,845	—	1,845
Mutual funds	30,818	—	—	30,818
Municipalities	—	1,187	—	1,187
Asset/mortgage-backed securities	—	599	—	599
Other	3,388	—	—	3,388
Total debt securities	46,183	85,257	—	131,440
<b>Investments held in split-interest trust agreements</b>				
Equity securities:				
Mutual funds invested in equity securities	523	—	—	523
Mutual funds invested in mixed securities	203	—	—	203
Other	45	—	—	45
Total equity securities	771	—	—	771
Total investments	\$ 218,889	\$ 85,257	—	\$ 304,146
<b>Liabilities</b>				
Split-interest trust agreements	\$ —	\$ (4,406)	—	(4,406)
Total liabilities	\$ —	\$ (4,406)	\$ —	\$ (4,406)

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, 2019:

<b>2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Fair value investment values</b>				
Cash equivalents	\$ 426	\$ —	\$ —	\$ 426
Equity securities:				
Domestic equity	14,995	—	—	14,995
Mutual funds invested in equity securities	96,157	—	—	96,157
Mutual funds invested in mixed securities	41,001	—	—	41,001
Total equity securities	152,579	—	—	152,579
Debt securities:				
U.S. treasury securities	16,733	20,576	—	37,309
U.S. government agencies and sponsored entities	45	3,428	—	3,473
Corporate bonds	1,066	29,385	—	30,451
Mutual funds	23,453	—	—	23,453
Municipalities	—	206	—	206
Asset/mortgage-backed securities	—	17,056	—	17,056
Other	3,867	—	—	3,867
Total debt securities	45,164	70,651	—	115,815
<b>Investments held in split-interest trust agreements</b>				
Equity securities:				
Mutual funds invested in equity securities	485	—	—	485
Mutual funds invested in mixed securities	242	—	—	242
Other	24	—	—	24
Total equity securities	751	—	—	751
Total investments	\$ 198,494	\$ 70,651	\$ —	\$ 269,145
<b>Liabilities</b>				
Split-interest trust agreements	\$ —	\$ (3,715)	\$ —	\$ (3,715)
Total liabilities	\$ —	\$ (3,715)	\$ —	\$ (3,715)

The following details the Ministry's investment in Alternative Investments (including pension investments), carried at net asset value, by asset class along with commitments and redemption ability:

	2020	2019
1 <sup>st</sup> lien loan funds	\$ 4,757	\$ 4,203
Senior debt instruments	6,746	4,171
Equity securities	4,605	6,628
Partnerships	433	2,170
Collective trust funds in cash equivalents	265	225
Collective trust funds in equity securities	38,975	35,576
Collective trust funds in debt securities	17,470	17,908
	<b>\$ 73,251</b>	<b>\$ 70,881</b>

1<sup>st</sup> lien loan funds — This class includes investments in first lien, senior secured, floating rate loans denominated in U.S. dollars. At least 90% of the portfolio must be invested in floating rate assets and up to 10% of the portfolio may be invested in fixed rate senior loans, notes or bonds. At least 80% of the investments must also be domiciled within the U.S. Investment in this fund may be redeemed, without penalty or cost, upon 35 days written notice to the manager. The fair value of the investments in this class have been estimated using the net asset value per share of the investments. There are no unfunded commitments.

Senior debt instruments — This class includes senior bank loans and other senior debt instruments of borrowers that are organized or have a substantial portion of their assets or business in the United States or Canada. The Manager of the funds is also permitted to invest up to 20% of its capital in debt securities and other debt obligations, including bridge loans for high yield bond commitments and US. dollar— and non-US. dollar-denominated bank loans and other debt instruments of borrowers that are organized or have a substantial portion of their assets or business in Europe, and equity and debt instruments that are purchased or otherwise obtained in a workout or financial restructuring involving a pre-existing investment. Investment in this fund may be redeemed, without penalty or cost, upon 60 days written notice to the manager. The fair value of the investments in this class have been estimated using the net asset value per share of the investments. There are no unfunded commitments.

Equity securities — This class includes equity securities of companies that are the targets of merger transactions in order to capture returns similar to those of a passively managed risk arbitrage index. In addition to investing in the Master Fund the Fund may make investments in other affiliated funds as well as certain direct investments. Investment in this fund may be redeemed, without penalty or cost, upon 30 days written notice to the manager. The fair value of the investments in this class have been estimated using the net asset value per share of the investments. There are no unfunded commitments.

Partnerships — This class is ownership interest in two different partnerships. The first is a 19% ownership in real property held for sale that was donated to the ministry. The second is a 10% ownership in a self-storage limited partnership that was donated to the ministry.

Collective trust funds — This class is unregulated funds only offered through retirement plans and thus not available to the average investor, which for the ministry represent pension plan assets.

## 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 income without donor restrictions, including unrealized gains and (losses) on restricted investments, was \$275 and \$73 for the years ended August 31, 2020 and 2019, 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:

	2020	2019
Endowments	\$ 2,500	\$ 2,500
Pooled investment fund	943	1,002
Reinsurance security trust account	331	372
	<b>\$ 3,774</b>	<b>\$ 3,874</b>

The fair value of the restricted cash and investments are measured at fair value on a recurring basis and was determined using inputs comprising the following at August 31:

2020	Level 1	Level 2	Level 3	Total
Restricted cash and investments:				
Cash equivalents	\$ 472	\$ —	\$ —	\$ 472
Equity securities	2,211	—	—	2,211
Debt securities	1,091	—	—	1,091
Total restricted cash and investments	<b>\$ 3,774</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 3,774</b>

2019	Level 1	Level 2	Level 3	Total
Restricted cash and investments:				
Cash equivalents	\$ 426	\$ —	\$ —	\$ 426
Equity securities	2,189	—	—	2,189
Debt securities	1,259	—	—	1,259
Total restricted cash and investments	<b>\$ 3,874</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 3,874</b>

## 6. Prepaid and Other Assets

Prepaid and other assets were comprised of the following at August 31:

	2020	2019
Prepaid expenses	\$ 4,566	\$ 8,350
Intangible assets	4,542	5,077
Other assets	6,808	6,416
	<b>\$ 15,916</b>	<b>\$ 19,843</b>

The Ministry holds a beneficial interest in a trust, whose assets include a 14.5% interest in a limited partnership. This investment is recorded in prepaid and other assets, net, on the consolidated statements of financial position and is accounted for using the cost method.

## 7. Long-Term Severance and Disability

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

	2020	2019
Long-term severance pay	<b>\$ 20,494</b>	\$ 19,208
Long-term disability plan	<b>28,830</b>	27,358
	<b>\$ 49,324</b>	\$ 46,566

The Ministry has a self-funded long-term disability plan. At August 31, 2020 and 2019, the plan liability totaled \$28,831 and \$27,358, respectively. The liability is not pre-funded and is calculated based upon fully funding the liability, representing the amount necessary to cover known claimants in a one-time payment.

## 8. Other Accrued Liabilities

Other accrued liabilities were comprised the following at August 31:

	2020	2019
Liability for annuities and trusts	<b>\$ 4,465</b>	\$ 3,794
Deferred revenues	<b>3,870</b>	7,406
Liability for loss and loss adjustment expense	<b>2,191</b>	3,875
Refundable advance	<b>512</b>	3,858
Other liabilities	<b>457</b>	1,165
	<b>\$ 11,494</b>	\$ 20,098

## 9. Lines of Credit and Trust Accounts

The Ministry has unsecured lines of credit with a bank for up to \$27,000. Interest payments are calculated monthly at 1.50% over the one-month LIBOR. As of both August 31, 2020 and 2019, the Ministry had a balance of \$0 on the line of credit.

New Life has provided an irrevocable letter of credit as security for Old Republic Insurance Company, which amounted to \$3,403 and \$2,953 respectively, as of August 31, 2020 and 2019. 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, 2020 and 2019, the accounts had a combined balance of \$331 and \$372, respectively, and are included in restricted cash and investments in the accompanying consolidated statements of financial position.

## 10. Other Income

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

	2020	2019
Services income	<b>\$ 5,493</b>	\$ 5,985
Royalty income	<b>179</b>	274
Honorarium income	<b>305</b>	457
Commission income	<b>1,399</b>	1,903
Rental income	<b>174</b>	401
Other income	<b>2,299</b>	3,479
Total	<b>\$ 9,849</b>	\$ 12,499

## 11. 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 \$329,462 and \$340,888 for the years ended August 31, 2020 and 2019, respectively. The joint costs, which are not specifically attributable to particular components of the activities, were allocated as follows:

	2020	2019
Campus ministries	<b>\$ 140,305</b>	\$ 145,924
Community ministries	<b>101,432</b>	100,174
Coverage ministries	<b>16,436</b>	17,394
International ministries	<b>43,245</b>	49,274
General and administration	<b>5,390</b>	4,813
Fundraising	<b>22,654</b>	23,309
Total	<b>\$ 329,462</b>	\$ 340,888

## 12. 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 \$0 as of August 31, 2020 and 2019. The Ministry, at its discretion, funds certain of these offices. Total amounts funded during 2020 and 2019, which are included in international ministries in the accompanying consolidated statements of activities, by world area, are as follows:

	2020	2019
Asia and South Pacific	<b>\$ 13,228</b>	\$ 8,137
Europe	<b>15,717</b>	15,168
Africa and Middle East	<b>17,158</b>	16,267
North and South America	<b>2,290</b>	4,292
Total	<b>\$ 48,393</b>	\$ 43,864

### 13. Staff Compensation

**Compensation** Salaries and staff members' expenses were \$365,846 and \$365,841 in 2020 and 2019, respectively. Average monthly compensation, in thousands, including retirement plan contributions, for religious missionary order staff families was \$6.3 and \$6.1 in 2020 and 2019, respectively, and for religious missionary order staff singles was \$2.9 and \$2.7 in 2020 and 2019, respectively.

**Pension Plan** The Ministry maintains a non-contributory 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 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 net assets without donor restrictions. 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, 2020, and a statement of the funded status as of August 31:

	2020	2019
Change in benefit obligation:		
Projected benefit obligation – beginning of year	\$ 88,527	\$ 75,361
Interest cost	2,561	3,017
Actuarial loss (gain) on projected benefit obligations	4,854	12,549
Benefit payments	(2,748)	(2,400)
Projected benefit obligation – end of year	<u>\$ 93,194</u>	<u>\$ 88,527</u>
Accumulated benefit obligation – end of year	<u>\$ 93,194</u>	<u>\$ 88,527</u>
Change in plan assets:		
Fair value of plan assets – beginning of year	\$ 53,709	\$ 53,497
Actual return on plan assets	5,750	2,612
Employer contributions	—	—
Benefit payments	(2,748)	(2,400)
Fair value of plan assets – end of year	<u>\$ 56,711</u>	<u>\$ 53,709</u>
Unfunded status – end of year	<u>\$ (36,483)</u>	<u>\$ (34,818)</u>

The components of net periodic pension cost were as follows:

	2020	2019
Components of net periodic benefit cost:		
Interest cost on projected benefit obligations	\$ 2,561	\$ 3,017
Expected return on plan assets	(3,086)	(3,209)
Amortization of net loss	1,365	861
Net periodic benefit cost	<u>\$ 840</u>	<u>\$ 669</u>

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 2020 is \$1,365 (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:

	2020	2019
Change in pension unrecognized net (loss) gain and prior service cost	<u>\$ (825)</u>	<u>\$ (12,284)</u>

At August 31, 2020 and 2019, net periodic benefit cost of \$840 and \$669, 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 other than net periodic pension cost in the accompanying consolidated statements of activities.

	2020	2019
Unrecognized net loss	<u>\$ 41,477</u>	<u>\$ 40,652</u>

Changes in the Plan's asset and benefit obligations recognized in net assets without donor restrictions during 2020 and 2019 include the following:

	2020	2019
Current-year actuarial gain (loss)	\$ (2,190)	\$ (13,145)
Amortization of net loss	1,365	861
Change in net assets without donor restrictions	<u>\$ (825)</u>	<u>\$ (12,284)</u>

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

	Target 2021	Assets at August 31 2020	2019
Equity securities	67.5%	68.7%	66.3%
Debt securities	32.5	30.8	33.3
Cash equivalents and other	—	0.5	0.4
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

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, 2020 and August 31, 2019, measured at net asset value:

	2020	2019
Collective trust funds in cash equivalents	\$ 265	\$ 225
Collective trust funds in equity securities	38,975	35,576
Collective trust funds in debt securities	17,470	17,908
	<u>\$ 56,710</u>	<u>\$ 53,709</u>

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

	2020	2019
Weighted-average assumptions as of August 31:		
Discount rate	2.50%	2.94%
Expected return on plan assets	5.61	5.90
Rate of compensation increase	N/A	N/A
Other accounting disclosures:		
Market-related value of assets	\$ 56,711	\$ 53,709
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 salaried and religious missionary order staff. The Ministry contributes a monthly amount for each religious missionary order staff member or salaried employee to the Retirement Income Plan. Ministry contributions to the Retirement Income Plan are discretionary and totaled \$10,956 and \$9,805 for the years ended August 31, 2020 and 2019, 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 \$219 to the Savings Plan for both the years ended August 31, 2020 and 2019.

## 14. Commitments and Contingencies

**Operating Leases** The Ministry leases certain equipment and office facilities under operating lease agreements. The leases have terms primarily between one to five years. Future rental payments under these operating leases at August 31, 2020, are as follows:

Years ending August 31:	
2021	\$ 2,902
2022	1,702
2023	1,547
2024 and thereafter	1,341
	<u>\$ 7,492</u>

Rent expense was \$3,208 and \$2,966 in 2020 and 2019, respectively.

In the normal course of business, the Ministry is party to various claims and assessments. In the opinion of management, these matters will not have a material effect on the consolidated financial position, consolidated changes in net assets or consolidated cash flows.

Since late January 2020, the number of novel coronavirus (COVID-19) cases and countries affected has grown rapidly, with a global pandemic declared in March 2020. In many of the countries where the Ministry or its affiliates operate, businesses have ceased or limited operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, border closures, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions. In addition to the economic uncertainty created, global stock markets have experienced great volatility. The Ministry has taken measures to prevent, mitigate and contain the effects of COVID-19 through the implementation of safety, health and educational measures for employees, communities and beneficiaries.

## 15. Endowments

Changes in endowment funds for the fiscal year ended August 31, 2020, consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets beginning of the year	\$ 314	\$ 3,236	\$ 3,550
Additions	—	99	99
Investment return (net)	256	68	324
Distributions	(141)	(62)	(203)
Net assets, end of year	<u>\$ 429</u>	<u>\$ 3,341</u>	<u>\$ 3,770</u>

Changes in endowment funds for the fiscal year ended August 31, 2019, consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets beginning of the year	\$ 413	\$ 3,229	\$ 3,642
Additions	—	80	80
Investment return (net)	40	13	53
Distributions	(139)	(86)	(225)
Net assets, end of year	<u>\$ 314</u>	<u>\$ 3,236</u>	<u>\$ 3,550</u>

## 16. Net Assets With Donor Restrictions

Net Assets With Donor Restrictions are available at August 31 for the following purposes:

	2020	2019
Annuities, trusts and endowments	\$ 8,758	\$ 8,583
AIA Wooden Center Building Project	6,250	6,338
	<u>\$ 15,008</u>	<u>\$ 14,921</u>

## 17. 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:

	2020	2019
Annuities, trusts and endowments	\$ 390	\$ 2,004
AIA Wooden Center Building Project	209	1,412
Funds used for FamilyLife program, media and global projects	—	405
Total	<u>\$ 599</u>	<u>\$ 3,821</u>

## 18. Functional Expenses

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

	Ministries				Support Services		Total Expenses
	United States			International Ministries	General and Administrative	Fundraising	
	Campus	Community	Coverage				
<b>2020</b>							
Salaries and benefits	\$ 134,133	\$ 104,936	\$ 31,519	\$ 42,645	\$ 22,325	\$ 30,288	\$ 365,846
International subsidies	–	–	–	48,393	–	–	48,393
Gifts in kind	–	–	–	8,010	–	–	8,010
Contracted services	1,761	3,239	6,222	913	3,108	8,057	23,300
Technology	1,596	2,144	4,963	929	6,011	510	16,153
Media and other communications	1,898	4,733	1,392	466	18	657	9,164
Rent and utilities	2,603	8,762	1,366	1,036	1,256	1,236	16,259
Travel and entertainment	15,503	6,076	4,025	5,674	1,050	3,010	35,338
Printing	1,066	696	322	303	284	943	3,614
Postage and freight	771	1,193	421	237	1,017	2,760	6,399
Supplies	1,654	769	652	671	988	345	5,079
Depreciation and amortization	622	1,083	1,771	818	71	270	4,635
Telephone	994	933	387	478	253	233	3,278
Cost of sales	67	915	214	–	291	5	1,492
Bank fees and interest	70	352	25	134	3,216	10	3,807
Training and meetings	1,369	789	602	1,400	281	216	4,657
Insurance	6	20	32	9	1,803	3	1,873
Other expenses	23	1,144	6,117	733	246	4,183	12,446
<b>Total expenses</b>	<b>\$ 164,136</b>	<b>\$ 137,784</b>	<b>\$ 60,030</b>	<b>\$ 112,849</b>	<b>\$ 42,218</b>	<b>\$ 52,726</b>	<b>\$ 569,743</b>

	Ministries				Support Services		Total Expenses
	United States			International Ministries	General and Administrative	Fundraising	
	Campus	Community	Coverage				
<b>2019</b>							
Salaries and benefits	\$ 135,810	\$ 99,868	\$ 32,458	\$ 46,619	\$ 21,068	\$ 30,018	\$ 365,841
International subsidies	–	–	–	43,864	–	–	43,864
Gifts in kind	–	–	–	14,417	–	–	14,417
Contracted services	2,826	2,713	7,923	1,124	4,004	8,267	26,857
Technology	1,160	1,364	5,444	796	6,433	429	15,626
Media and other communications	1,859	4,923	829	601	25	807	9,044
Rent and utilities	3,121	4,305	3,037	899	1,125	1,447	13,934
Travel and entertainment	30,821	9,843	7,378	8,742	2,276	4,227	63,287
Printing	1,429	805	478	353	323	864	4,252
Postage and freight	775	1,428	554	298	1,225	2,622	6,902
Supplies	2,435	1,140	1,463	761	1,073	337	7,209
Depreciation and amortization	639	1,276	1,747	807	96	243	4,808
Telephone	1,112	1,016	441	509	293	249	3,620
Cost of sales	48	1,215	211	1	382	–	1,857
Bank fees and interest	86	433	32	82	3,203	11	3,847
Training and meetings	1,678	924	806	2,430	495	261	6,594
Insurance	4	13	85	5	1,660	3	1,770
Other expenses	372	1,071	5,822	1,368	421	4,024	13,078
<b>Total expenses</b>	<b>\$ 184,175</b>	<b>\$ 132,337</b>	<b>\$ 68,708</b>	<b>\$ 123,676</b>	<b>\$ 44,102</b>	<b>\$ 53,809</b>	<b>\$ 606,807</b>

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

## 19. 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 December 9, 2020 (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 three meetings during 2020. In fulfilling its responsibility and in accordance with Campus Crusade for Christ 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.

Jeffrey A. Leimgruber  
Chairman, Audit Committee

## REPORT OF MANAGEMENT

As we continue our efforts to take the gospel to every geography, every ethnicity, every language, and every person, we are thankful for the gracious provision of God, through a mostly donor funded ministry. Even during the challenges of the pandemic hitting the world during the fiscal year, Cru was blessed. The financial statements will look different this year compared to other years, but Cru remains committed to stewarding ministry finances in a God honoring way.

For the fiscal year ended August 31, 2020, total worldwide revenues of Campus Crusade for Christ, Inc. and its foreign associates were \$750,628,000. United States operating revenues of the Ministry for the fiscal year were \$600,079,000. This provided the ministry with a positive change in net assets of \$57,289,000 for fiscal 2020.

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 management's 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 cost 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 Sellers, like all other supported staff members, raises his own ministry funds. He directs any honorariums to Cru, and his annual income-tax return is prepared by an external CPA firm. When he travels to speak or attend meetings at churches and various conferences, his expenses are covered by either Cru or the inviting group. Steve has requested that his business expenses be regularly reviewed by the Audit Committee of the Board of Directors of the Ministry.

Steve works full time for the ministry, and because of his desire to be totally transparent in all of his finances, he has voluntarily provided the following information. Steve's taxable income was \$73,929. He 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.

## OFFICERS

R. Barry Cannada  
*Chairman, Board of Directors*

Crawford W. Loritts, Jr.  
*Vice Chairman*

Stephen B. Douglass  
*President*

Steven C. Sellers  
*Executive Vice President &  
Chief Operating Officer*

Mark D. Tjernagel  
*Chief Financial Officer/  
Assistant Secretary*

Kent Herr  
*Controller*

Delanyo T. Adadevoh  
*Vice President*

Andrea M. Buczynski  
*Vice President*

Erik Butz  
*Vice President*

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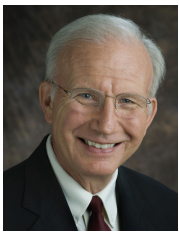
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