



A caring community passionate about connecting people to Jesus Christ

2023 Annual Report



Movements everywhere so that everyone knows someone who truly follows Jesus

Cover Photos

Top Left: Huehuetenango, Guatemala.
Jesus Film training by Anibal Duarte

Top Right: South Sudan by Juma
Ramadan

Bottom Right: Smokey Mountains
Summer Mission 2023 by Ted Wilcox

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:

- Helping to fulfill the Great Commission.
- Winning, building and sending in the power of the Holy Spirit.
- Helping the body of Christ do evangelism and discipleship.

Looking back on last year, we can say with King David: “Oh give thanks to the LORD, for He is good, for His steadfast love endures forever!” (Psalm 107:1, ESV) In this upended world, people are searching for love and hope. God is using the generosity of faithful partners and the efforts of our staff members to make His love and hope known.

I love receiving notes like this one from Mrs. Quowan in Ghana. “I have been desiring to evangelize to some of my fellow market women. But I did not know how to start and even what to say so that they could have the opportunity to receive Christ. The training to use the Four Spiritual Laws [gospel presentation] has not only helped me to lead others to Jesus Christ, but it helped me personally to be sure of my salvation also.”

In this report, we highlight how people are coming to Christ through our ministry. Whether in large cities or remote villages, God is helping us find ways to win, build and send multiplying disciples, helping to reach the world with the hope of Jesus.

Thank you for being a valued partner and co-laborer for the gospel through your prayers and support. We deeply appreciate you and pray God’s blessings on you and your family.

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

Steve Sellers
President,
Cru® and Campus Crusade for Christ®

How Harry Met Jesus

George* regularly attends Cru’s monthly fellowship meeting and weekly Bible studies on his university campus in South Asia. He is also eager to share the gospel with his non-Christian friends.

When the ministry hosted a youth camp, George brought five believing friends with him. Two were new believers. All five became excited about helping to fulfill the Great Commission. They prayed together and then planned a small Christmas outreach for their non-Christian friends.

Thirty-five students came to the gathering — the first time any of them had attended such an event. Several put their faith in Jesus with George and his friends. Others were eager to know more.

One student, Harry*, said afterward, “Through this program, I came to know why Christians celebrate the birth of Jesus. I found Christ’s love and new hope in my life, and I am happy that I decided to follow Jesus.”

George now helps these students grow in their new faith through a weekly Bible study. And he dreams of more. In his own words, “I am praying that God will open doors for me to serve Him full-time.”

**Names changed for security*



**File photo used for security*

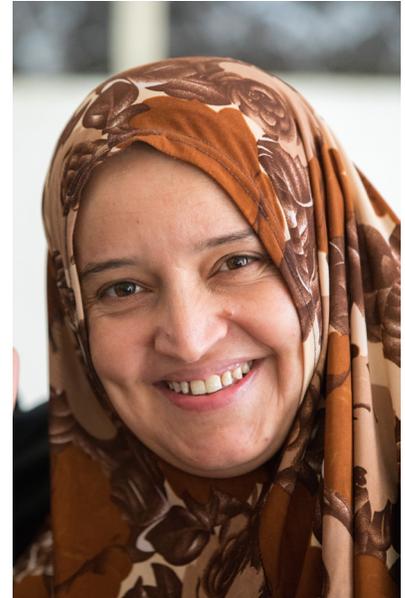
The Kindness of Jesus Changes Lives and Starts New Churches

Like most people in her Central Asian country, Alina* believed Jesus was only a prophet.

When Unto® team members came to her village to give out food and clothing, Alina welcomed them and listened as they talked about Jesus. She told them about her friends who also needed help.

Alina went along as the team members visited each friend's home. She watched them show the kindness of Jesus, and she listened as they talked about eternal hope.

A few days after the team finished giving out aid and had left her area, Alina urgently contacted them. She had met Abraham, Isaac and Jesus in a dream. She had thought she was meeting three of the main prophets of her religion.



**File photo used for security*

Then Jesus walked up to her. She heard Him say, *“You’ve heard about Me. You know I’m the Way. It’s time to start following Me.”*

Alina was ready. She now knew Jesus was more than a prophet. The team members prayed with her as she joyfully invited Him into her heart.

Today Alina is part of a house church in her village. In the past six months, Unto team members have seen others in her village discover the kindness of Jesus and come to faith in Him. Six new house churches have started in this area that has long been closed off to the gospel.

**Name changed for security*

International Students Decide to Follow Jesus

Hima* had never heard that God loves him personally until he attended Vision22. This end-of-year Bridges International™ conference brought together 604 international students studying in the U.S. About 40% were non-Christian. They represented 78 countries, some with restrictions on Christian evangelism.

Because of his religious background, Hima viewed God as distant and unknowable. But he was intrigued by videos he'd seen about God revealing Himself in human form through Jesus. He was eager to learn more, but a severe headache and a blood pressure spike kept him from participating in a conference session.

Hima approached Tim Stover, a Cru staff member who volunteers with Bridges, to explain why he needed to be absent. Tim prayed and asked God to heal Hima in the name of Jesus, and his headache quickly subsided! This convinced Hima that God cared for him.

Later that day, Hima asked Jesus into his heart as his personal Savior. He told his fiancée about his healing, and the next day she also invited Jesus into her heart. By the end of the conference, two more Middle Eastern students had surrendered their lives to Jesus.

During Vision22, 1,699 spiritual conversations took place, leading to 827 presentations of the gospel. Hima was one of 20 students who made their new faith known.

**Names changed for security*



**File photo used for security*

My Faith Became My Life

There are more than 70,000 students at the University of Central Florida (UCF) in Orlando. Cru's Central Florida campus staff team wants to reach each one with the good news of Jesus.

With ministry activities shut down in 2020, the team still hoped to build a spiritual movement in a part of the campus with no gospel community. Cru staff member Aaron Emerson invited three students to tackle the job and, cautiously, the guys agreed. But soon after, one of the three dropped out.

At that same time, Wes, a student trained in leadership by Cru at the University of Florida in Gainesville, transferred to UCF. Wes was surprised when he was asked to take the other guy's place, but he was willing to try out his leadership skills in a new setting.

Wes and the other two young men began building a spiritual community of college students. The group they started grew and grew — and kept growing!

Some of the students from the group started another gospel community, at one of the city's largest apartment complexes. What started in 2020 with three guys has become two gospel communities, 15-20 student leaders and more than 50 people involved.

Having God work through him, though, is not what Wes expected as he began his studies. Though a believer, he felt desperate and aimless, to the point of almost taking his own life the day before he moved from Tallahassee to college in Gainesville. He wondered, "God saved me from myself, so clearly I have a purpose. But what is it?"

Wes's youth pastor in Tallahassee helped Wes meet a friend involved with Cru in Gainesville. "That friend invited me to his house, took me to Welcome Week events, and got me plugged into a community group," Wes said. Wes went on a Cru summer mission trip to Lake Tahoe and took the leadership training he received there back to campus.

"The way I describe my impact from Cru is that I came into college with my faith as a part of my life," he said. "After I went on the summer mission after my freshman year in 2019, my faith became my life."

Now a college graduate, Wes is serving with Cru's Central Florida campus team as a ministry intern. "My original plan was to become an engineer after college, but God called me to ministry, at least for this year," he said. He wants God to work through him, whatever His plan.

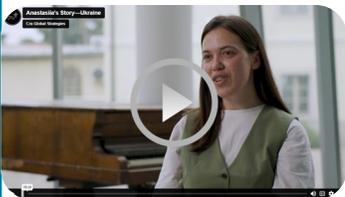
Impact of the Ministry

Video Stories



Rebeca and Yosabeth — Latin America and the Caribbean

Rebeca, an online mentor in Chile, got to know Yosabeth in Mexico when Yosabeth asked for help with anxiety and depression. Through Rebeca’s online mentoring, Yosabeth grew in her relationship with God and understood more about her spiritual gift of service.



Anastasiia’s Story — Crescendo in Ukraine

Anastasiia, a pianist in Ukraine, put her faith in Christ while sharing the gospel. She is building a spiritual movement with other musicians while her country is at war.



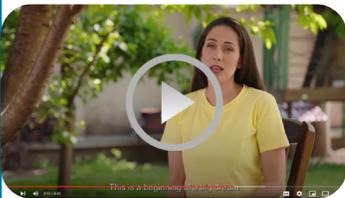
Jesus Film Project® — The Hasan Family

The Hasan family spent years forcibly driving Christians out of their Middle Eastern community. However, when a “JESUS” film team began distributing food and sharing the love of God with their village, this family became curious. Angelique shares what happened after the Hasan family invited the team to their home.



Connor Launches a Student-Led Movement — Rice University

At his sister’s prompting, Connor joined Cru at Rice University. He pursued getting to know the freshman class and helped students grow spiritually. Now Connor is seeing a spiritual movement grow on his campus.



A Larger Scope for Cru Moldova — Global Church Movements

When the war in Ukraine began, God invited the Moldovan missionaries to a larger scope. How could they provide physical and spiritual care for an influx of refugees, most of whom had suffered through terrible experiences? Cru Moldova is seeing new spiritual multiplication as local people and refugees alike attend home churches.

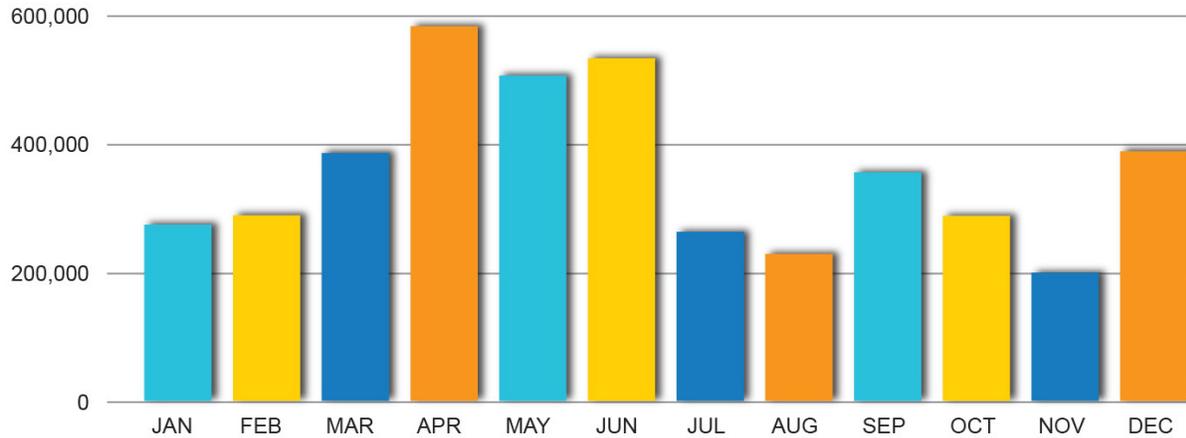


A Coach’s Story in Mongolia — Leader Impact®/Athletes in Action®

Sukhee Sengedorj serves with Athletes in Action® in Mongolia under LeaderImpact®. He uses his role as a wrestling coach to show his wrestlers how to be both athletes and Christians.

Impact of the Ministry

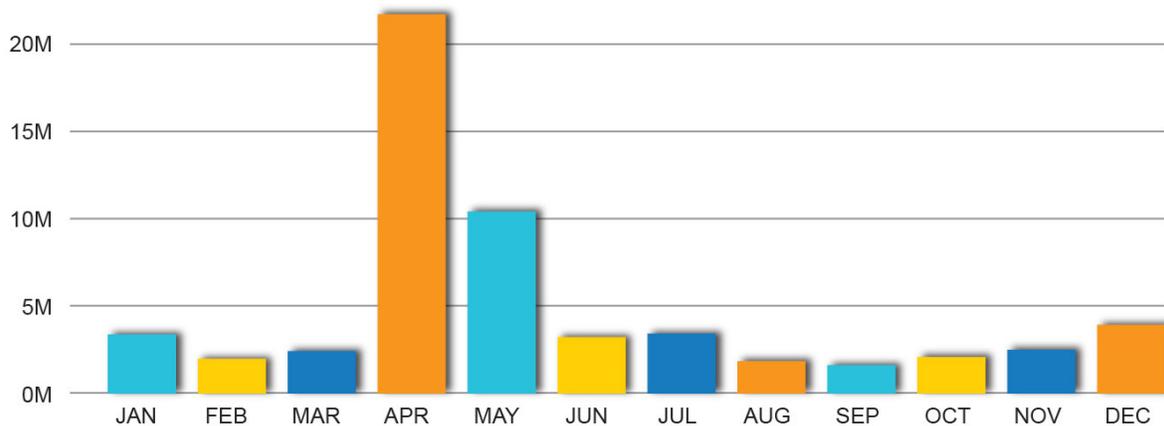
Individual Gospel Presentations 2023



Notes:

- We shared the gospel with an average of 346,000 individuals per month.
- With many students on break, July and August had fewer gospel presentations.
- On average around the world, 10.4% of those who heard the gospel said yes to Jesus!

Media/Group Gospel Presentations 2023



Notes:

- April (Easter) is high because the “JESUS” film is shown in many countries on local television. Specifically Kenya (14 million) and Madagascar (4 million) had big TV campaigns.
- May is high because Madagascar (5 million) continued their TV campaign.

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
Athletes in Action®	Professional and amateur athletes and coaches	Developing athletes physically, mentally and spiritually
Christian Embassy®, D.C.	Government leaders and diplomatic communities	Reaching government, military and diplomatic leaders with the gospel
Christian Embassy®-United Nations	United Nations diplomats and staff	Providing spiritual encouragement to the diplomatic community at the United Nations
Cru: Campus	University students	Helping students to know Jesus, grow in their faith and go to the world to tell others
Cru: High School	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
Cru City	People in workplaces and neighborhoods; also churches, refugees, artists and influencers	Engaging the curious and equipping followers so all find their place in God's story
Cru Inner City	Urban churches, pastors, leaders, marginalized urban communities	Serving and mobilizing the church to live out God's heart for the poor
Cru Military®	Armed services personnel worldwide	Spiritually building up the military community by meeting them at their greatest point of need

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Scope of the Ministry

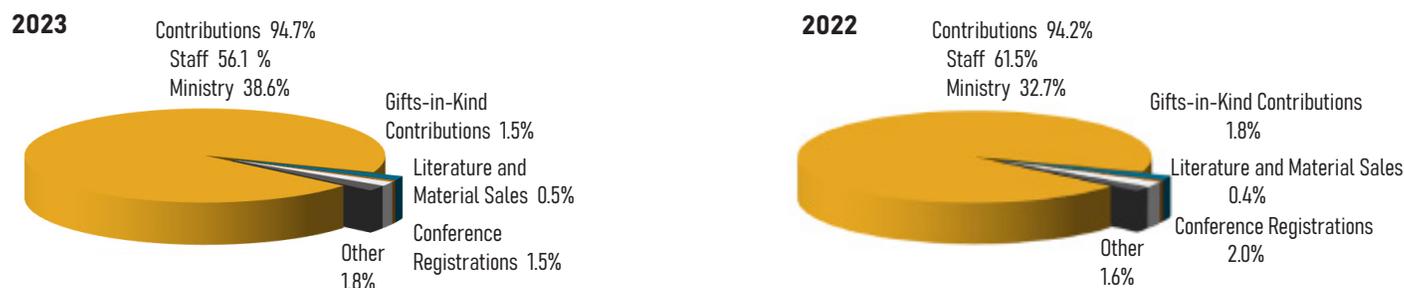
Ministry	Audience	Impact
Faculty Commons®	University faculty and staff members, graduate students	Reaching and equipping professors to reach their colleagues for Jesus Christ
FamilyLife®	Couples, parents, blended families	Providing transferable, biblically-based help at every stage in marriages and family life
International School Project	Teachers and educational professionals	Equipping and empowering teachers and educators to change the world
Jesus Film Project®	“Everyone, Everywhere”	Bringing Christ-centered videos to the ends of the earth
Josh McDowell Ministry™	Students, parents, leaders, churches, virtual movements	Equipping believers to live, defend and share their faith
StoryRunners®	Local followers of Christ, unreached people groups	Equipping believers to produce and use oral Bible stories to launch communities of multiplying disciples
Unto®	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

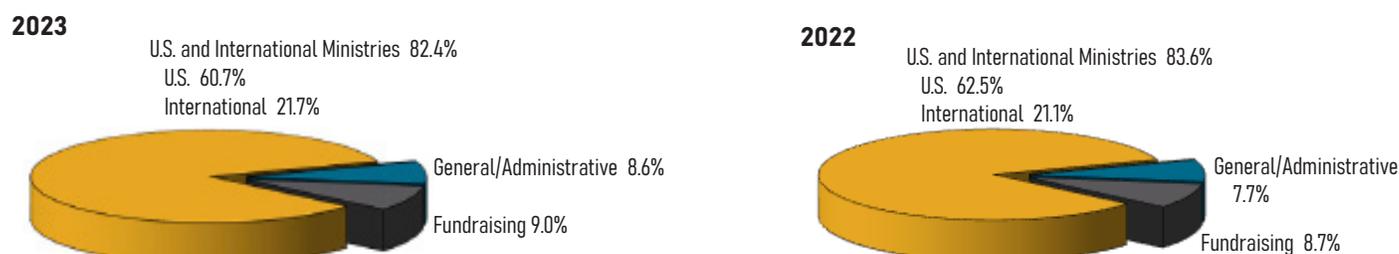
	2023	2022	2021	2020
United States Revenues	\$ 704,275,000	\$ 652,098,000	\$ 614,072,000	\$ 600,079,000
Operating Change in Net Assets ¹	\$ 28,731,000	\$ 17,162,000	\$ 49,522,000	\$ 30,336,000
Non-Operating Change in Net Assets ¹	\$ 35,235,000	\$ (42,323,000)	\$ 65,443,000	\$ 26,953,000
Total Change in Net Assets	\$ 63,966,000	\$ (25,161,000)	\$ 114,965,000	\$ 57,289,000
International Revenues ²	\$ 161,027,000	\$ 159,086,000	\$ 139,701,000	\$ 150,549,000
World Revenues (U.S. and International)	\$ 865,302,000	\$ 811,184,000	\$ 753,773,000	\$ 750,628,000
Fund-Raising Expenses ³	9.0%	8.9%	9.1%	9.2%
General and Administrative Expenses ³	8.6%	7.7%	8.3%	7.4%
Average Size of Gift Received	\$ 154	\$ 147	\$ 136	\$ 130
Most Frequent Contribution	\$ 50	\$ 50	\$ 50	\$ 50
Average Staff Family's Monthly Compensation	\$ 7,098	\$ 6,814	\$ 6,506	\$ 6,301
Average Staff Single's Monthly Compensation	\$ 3,449	\$ 3,248	\$ 3,075	\$ 2,900

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

Opinion

We have audited the 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, 2023 and 2022, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes (collectively referred to as the “financial statements”).

In our opinion, based on our audits and the reports of other auditors, the accompanying financial statements present fairly, in all material respects, the financial position of the Ministry at August 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Family Life, Great Commission Foundation, New Life Insurance Co., and GAIiN International, wholly-owned subsidiaries, which statements reflect total assets constituting 27% and 18%, respectively, of consolidated total assets as of August 31, 2023 and 2022, and total revenues constituting 16% and 11%, respectively, of consolidated total revenues for the years then ended. 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 Family Life, Great Commission Foundation, New Life Insurance Co., and GAIiN International, is based solely on the reports of the other auditors.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Ministry and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Ministry’s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

(continued)

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Ministry's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Ministry's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Ernst + Young LLP

Orlando, FL
December 13, 2023

Consolidated Statements of Financial Position

(In Thousands)

August 31

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 95,887	\$ 53,842
Investments	420,349	449,502
Accounts and other receivables	2,261	1,866
Inventories	1,441	1,399
Gifts-in-kind inventories	9,135	9,802
Property held for sale	1,661	61
Restricted cash and investments	3,711	3,765
Leases right of use assets	13,893	-
Prepaid and other assets	13,540	10,950
Property and equipment:		
Land and land improvements	5,601	5,601
Buildings and improvements	100,535	89,417
Furniture and equipment	36,524	32,780
Total property and equipment	142,660	127,798
Accumulated depreciation	(74,675)	(69,670)
Net property and equipment	67,985	58,128
Total assets	\$ 629,863	\$ 589,315
LIABILITIES		
AND NET		
ASSETS		
Liabilities:		
Accounts payable	\$ 5,505	\$ 5,104
Accrued salaries and related expenses	26,085	25,247
Long-term severance and disability	45,021	42,812
Other accrued liabilities	16,172	9,812
Pension liability	15,366	21,557
Long-term lease obligation	11,227	-
Long-term debt	359	38,621
Total liabilities	119,735	143,153
Net assets:		
Without donor restrictions	497,858	429,524
With donor restrictions	12,270	16,638
Total net assets	510,128	446,162
Total liabilities and net assets	\$ 629,863	\$ 589,315

See accompanying notes

Consolidated Statements of Activities

(In Thousands)

Year Ended August 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Contributions	\$ 665,850	\$ 1,118	\$ 666,968
Gifts-in-kind contributions	10,662	-	10,662
Literature and material sales	3,323	-	3,323
Conference registrations	10,655	-	10,655
Other income	12,364	303	12,667
Net assets released from restrictions	5,789	(5,789)	-
Total revenues	<u>708,643</u>	<u>(4,368)</u>	<u>704,275</u>
Operating expenses:			
Campus	188,357	-	188,357
Community	142,783	-	142,783
Coverage	79,040	-	79,040
International ministries	146,506	-	146,506
General and administrative	57,826	-	57,826
Fundraising	61,032	-	61,032
Total operating expenses	<u>675,544</u>	<u>-</u>	<u>675,544</u>
Change in net assets from operations	33,099	(4,368)	28,731
Non-operating activities:			
Investment returns, net	28,017	-	28,017
Pension-related changes other than net periodic pension cost	7,218	-	7,218
Change in net assets	68,164	(4,368)	63,966
Net assets - beginning of year	429,524	16,638	446,162
Net assets - end of year	<u>\$ 497,858</u>	<u>\$ 12,270</u>	<u>\$ 510,128</u>

See accompanying notes.

Consolidated Statements of Activities

(In Thousands)

Year Ended August 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Contributions	\$ 611,871	\$ 2,378	\$ 614,249
Gifts-in-kind contributions	11,650	-	11,650
Literature and material sales	2,959	-	2,959
Conference registrations	12,944	-	12,944
Other income	11,016	(720)	10,296
Net assets released from restrictions	751	(751)	-
Total revenues	651,191	907	652,098
Operating expenses:			
Campus	178,012	-	178,012
Community	142,635	-	142,635
Coverage	76,039	-	76,039
International ministries	133,895	-	133,895
General and administrative	48,578	-	48,578
Fundraising	55,777	-	55,777
Total operating expenses	634,936	-	634,936
Change in net assets from operations	16,255	907	17,162
Non-operating activities:			
Investment returns, net	(47,688)	-	(47,688)
Pension-related changes other than net periodic pension cost	-	-	-
Change in net assets	5,365	-	5,365
Net assets - beginning of year	(26,068)	907	(25,161)
Net assets - end of year	455,592	15,731	471,323
	\$ 429,524	\$ 16,638	\$ 446,162

See accompanying notes.

Consolidated Statements of Cash Flows

(In Thousands)

	Year Ended August 31	
	2023	2022
Operating Activities		
Change in net assets	\$ 63,966	\$ (25,161)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	6,800	5,431
Pension-related changes	(6,191)	(5,333)
Net realized and unrealized (gain) loss on investments	(23,402)	49,865
Donated Investments	(23,792)	(16,621)
Proceeds from sale of donated investments	23,792	16,621
Loss (gain) on sale of property held for sale	33	(753)
Loss on disposal of fixed assets	1,556	829
Gifts of property held for sale	(1,922)	(2,238)
Changes in operating assets and liabilities:		
Accounts and other receivables	(395)	3,086
Inventories	625	134
Prepaid expenses	(3,764)	5,856
Operating lease right of use assets	(13,450)	-
Other assets	1,146	415
Accounts payable	401	(3,799)
Accrued salaries and related expenses	838	803
Long-term severance and disability	2,209	(7,816)
Long-term operating lease obligations	11,092	-
Other accrued liabilities	6,360	(3,744)
Net cash provided by operating activities	45,903	17,575
Investing activities		
Sales and maturities of investments	314,136	414,875
Purchases of investments	(261,527)	(457,665)
Purchases of intangible assets	(747)	(621)
Capital expenditures	(17,439)	(16,141)
Proceeds from sale of property held for sale	288	4,230
Net cash provided by (used in) investing activities	34,712	(55,322)
Financing activities		
Proceeds from long-term debt	103,706	120,538
Payments on long-term debt	(141,967)	(88,191)
Finance lease right of use assets	(443)	-
Long-term finance lease obligations	135	-
Net cash provided by (used in) financing activities	(38,570)	32,347
Net change in cash and cash equivalents	42,045	(5,400)
Cash and cash equivalents - beginning of year	53,842	59,242
Cash and cash equivalents - end of year	\$ 95,887	\$ 53,842
Supplemental disclosures of cash flow information		
Interest paid	\$ 638	\$ 360

See accompanying notes.

Notes to Consolidated Financial Statements

(In Thousands)

August 31, 2023

1. Organization and Summary of Significant Accounting Policies

Organization Campus Crusade for Christ, Inc., operating in the United States 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 Nonprofit Religious 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 United States affiliates in which the Ministry has a controlling interest and its United States 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 consolidated 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. As of August 31, 2023 and 2022, total contributions to be received after one year were insignificant.

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.

Conference fees, which include conferences held on a cruise, are recorded as deferred revenue when cash is received and recognized as revenue at the time the conference is held. Unredeemed gift certificates are recognized as deferred revenue until the gift cards are redeemed or expire.

Literature and material sales represent the sale of items produced and distributed by the Ministry to support the Ministry's mission. Revenue on these sales is recognized at the time of sale. Sales are recorded net of sales discounts, returns, and allowances, which were immaterial, for the years ended August 31, 2023 and 2022.

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. 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 net realizable value 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 consolidated 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 \$1,831 and \$1,939 at August 31, 2023 and 2022, 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, 2023 and 2022, 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, 2023, and 2022, depreciation expense was \$6,025 and \$4,702, respectively. As of August 31, 2023, and 2022, the Ministry had unamortized software costs totaling \$0 and \$0, respectively. Web development costs are recorded as part of intangible assets.

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 estimated 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, 2023 and 2022, net intangible assets were \$3,454 and \$3,481, respectively, reported in Prepaid and Other Assets. For the years ended August 31, 2023 and 2022, amortization expense was \$775 and \$729, respectively.

Intangible assets will be amortized over future periods as follows:

Years ending August 31:	
2024	\$ 496
2025	384
2026	327
2027	293
2028	271
Thereafter	1,683
	<u>\$ 3,454</u>

Income Taxes The Ministry is organized as a not-for-profit entity under the Nonprofit Religious 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, 2023 and 2022, the Ministry recorded \$17,531 and \$17,563, respectively, in accrued severance pay.

Liability for Losses and Loss Adjustment Expenses 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, 2023 and 2022, represents its best estimate, based upon the available data, of the amount necessary to cover the ultimate cost of losses. As of August 31, 2023 and 2022 the accrued liability for losses and loss adjustment expenses was \$2,061 and \$2,048, 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, 2023 and 2022, New Life's surplus was \$33,496 and \$30,389, 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, 2023 and 2022, the liability for annuities and trusts was \$4,174 and \$3,996, 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 \$123 and \$163 as of August 31, 2023 and 2022, 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 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. Unto and Family Life 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 In June 2011, the state of Florida adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as the standard for management and investment of institutional funds in Florida. The Ministry has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the endowment funds absent explicit donor stipulations to the contrary. 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 United States 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 consolidated 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 consolidated statement of financial position date, reduced by amounts not available for general use within one year of the consolidated statement of financial position date, because of management investment committee direction, contractual obligations, or donor-imposed restrictions.

Financial assets, at year end:	
Cash and cash equivalents	\$ 95,887
Short-term investments	3,706
Accounts and other receivables	2,261
Total financial assets	<u>101,854</u>
Less those unavailable for general expenditure within one year:	
Amounts with donor restrictions	12,270
Restricted cash and investments included in above	<u>—</u>
Funds unavailable for general expenditure	12,270
Board designations:	
Amount set aside for liquidity reserve	<u>—</u>
Financial assets available to meet cash needs for general expenditures	<u>\$ 89,584</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 an unsecured line of credit, for up to \$30,000. See Note 9 for details on the credit lines.

Leases As of September 1, 2022, the Ministry adopted ASU No. 2016-02, Leases, which requires lessees to recognize on the balance sheet the assets and liabilities for the rights and the obligations created by leases with lease terms of more than 12 months.

Under ASC 842, the Ministry determines if a contract is a leasing arrangement at inception. Initial lease terms are typically between 1 to 5 years. The Ministry recognizes right-of-use assets and lease liabilities based on the present value of future lease payments. Future lease payments include the initial lease term and any renewal options that the Ministry is reasonably certain to exercise. The present value of future lease payments is determined using the risk-free discount rate for all operating and financing leases. The Ministry recognized operating lease expense for operating leases on a straight-line basis over the lease term. Leases with an initial term of 12 months or less are not recorded on the balance sheet and are expensed.

Lease and non-lease components are accounted for together as a single lease component for all operating and financing leases. The Ministry leases office facilities and equipment under leases that may include renewal or termination options that are reasonably certain of exercise. Variable lease expense represents the payment of real estate taxes, insurance, and maintenance.

New Accounting Pronouncements 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. ASU 2016-02 requires both operating and financing leases to be recognized on the balance sheet, unlike prior U.S. GAAP, which only required capital leases to be recognized on the balance sheet. The Ministry adopted ASU 2016-02 on September 1, 2022, using the modified retrospective approach for operating leases with a term of greater than 12 months. As permitted by the guidance, the Ministry has elected to not restate reporting periods prior to the date of adoption.

The Ministry has elected the package of practical expedients permitted under the new standard that allows the Ministry to carry forward historical lease classification for leases that existed as of the adoption date. The Ministry will not reassess the original conclusions reached regarding lease identification, lease classification and initial direct costs for leases entered into prior to the adoption of the ASU. The Ministry has also elected to not reassess expired land easements that commenced prior to the adoption date.

The adoption of this standard resulted in recognition of operating and finance lease assets in the amount of \$13,093 and \$443, respectively, and lease liabilities in the amount of \$13,167 and \$202 for operating and finance leases, respectively, on the Consolidated Statement of Financial Position as of August 31, 2023. The right of use assets are shown in their entirety as a separate line, while only the long-term portions of the lease liabilities are shown as a separate line. The short-term portions of the liabilities, totaling 2,503, are included in Other Accrued Liabilities. There was no material impact on the Consolidated Statements of Activities or the Consolidated Statements of Cash Flows. See Footnote 14 for Lease and Lessor schedules.

In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The purpose of the standard is to clarify the presentation and disclosure of contributed nonfinancial assets, also known as gifts-in-kind, to provide the reader of the financial statements a greater understanding of the types of nonfinancial assets received and how they are used and recognized by the organization. The Ministry adopted this standard in the prior year, and the types of contributions received for the years ended August 31 are as follows:

	2023	2022
Blankets	\$ 431	\$ 327
Clothing	3,577	4,321
Food/meals	2,567	1,879
Hygiene	492	771
Medical supplies	2,347	2,912
School supplies	45	136
Shoes	940	962
Other	263	342
Total	\$ 10,662	\$ 11,650

Contributed in-kind items, or nonfinancial assets, are recorded as gifts-in-kind contributions in the revenues section of the Statement of Activity with a corresponding increase in gifts-in-kind inventories on the Statement of Position on the date of contribution. The Ministry estimates fair value based on the average wholesale value that would be received for selling the goods in their principal market from five different vendors, discounted 30% to account for the items' condition and utility for use at the time the goods are contributed by the donor.

The Ministry's policy related to contributions of nonfinancial assets is to utilize the assets given in carrying out the mission of the ministry. If an asset is contributed that does not allow the Ministry to utilize it in its normal course of business, the asset will be disposed of. The Ministry does not hold contributed nonfinancial assets for sale, and none of the assets have donor imposed restrictions.

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, 2023 and 2022, the Ministry has \$72,586 and \$68,702, 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, 2023 were as follows:

2023	Cost	Net Unrealized Gains (Losses)	Fair Value	%
Investments				
Equity securities:				
Domestic equity	\$ 19,915	\$ 3,174	\$ 23,089	6%
Mutual funds invested in equity securities	112,793	33,433	146,226	35
Mutual funds invested in mixed securities	30,711	(557)	30,154	7
Foreign stocks	1,028	(92)	936	-
Total equity securities	164,447	35,958	200,405	48
Debt securities:				
U.S. treasury securities	35,679	(1,112)	34,567	8
U.S. government agencies and sponsored entities	12,658	(776)	11,882	3
Corporate bonds	65,186	(4,809)	60,378	15
Foreign issues	5,605	(434)	5,170	1
Mutual funds	41,436	(2,735)	38,701	9
Municipalities	1,835	(160)	1,675	-
Asset/mortgage-backed securities	5,512	(400)	5,112	1
Other	43,225	15	43,240	11
Total debt securities	\$ 211,136	\$ (10,411)	\$ 200,725	48
Alternative investments	\$ 17,172	\$ 1,159	\$ 18,331	4
Investments held in charitable remainder trusts				
Equity securities:				
Mutual funds invested in equity securities	\$ 550	\$ 104	\$ 654	-
Mutual funds invested in mixed securities	242	(29)	213	-
Other	21	-	21	-
Total securities	\$ 813	\$ 75	\$ 888	-
Total investments	\$ 393,568	\$ 26,781	\$ 420,349	100%

3. Investments (continued)

Investments at August 31, 2022 were as follows:

2022	Cost	Net Unrealized Gains (Losses)	Fair Value	%
Investments				
Equity securities:				
Domestic equity	\$ 33,812	\$ 2,759	\$ 36,571	8%
Mutual funds invested in equity securities	126,496	24,570	151,066	34
Mutual funds invested in mixed securities	44,618	(2,618)	42,000	9
Foreign stocks	—	—	—	—
Total equity securities	204,926	24,711	229,637	51
Debt securities:				
U.S. treasury securities	49,272	(1,808)	47,464	11
U.S. government agencies and sponsored entities	8,224	(693)	7,531	2
Corporate bonds	89,205	(6,756)	82,449	18
Foreign issues	6,653	(486)	6,167	1
Mutual funds	35,863	(2,075)	33,788	7
Municipalities	2,259	(187)	2,072	1
Asset/mortgage-backed securities	4,497	(183)	4,314	1
Other	5,318	15	5,333	1
Total debt securities	201,291	(12,173)	189,118	42
Alternative investments	27,641	2,141	29,782	7

Investments held in charitable remainder trusts

Equity securities:				
Mutual funds invested in equity securities	624	74	698	—
Mutual funds invested in mixed securities	283	(26)	257	—
Other	10	—	10	—
Total securities	917	48	965	—
Total investments	\$ 434,775	\$ 14,727	\$ 449,502	100%

At August 31, 2023, the Ministry held investments exceeding 10.0% of the total investment portfolio in an equity mutual fund totaling 14.2% of total investments. At August 31, 2022, the Ministry held investments exceeding 10.0% of the total investment portfolio in an equity mutual fund totaling 15.1% of total investments.

Mutual funds included \$5,398 and \$5,327 of annuity-related investments as of August 31, 2023 and 2022, respectively. The Ministry received investments as donations totaling \$23,792 and \$16,621 as of August 31, 2023 and 2022, respectively.

Net investment income (loss), totaling \$28,017 and \$(47,688) for the years ended August 31 consists of the following:

	2023	2022
Investment income	\$ 14,342	\$ 10,429
Net realized gains on the sale of investments	1,621	2,461
Net unrealized gains (losses) on investments ¹	2,054	(60,578)
	\$ 28,017	\$ (47,688)

A total of \$1,740 and \$1,843 of investment expenses were netted against investment income for the years ended August 31, 2023 and 2022, respectively.

Investments are measured at fair value on a recurring basis, determined using inputs comprising the following at August 31, 2023:

(August 31, 2023)	Level 1	Level 2	Level 3	Total
Investments				
Equity securities:				
Domestic equity	\$ 23,089	\$ —	\$ —	\$ 23,089
Mutual funds invested in equity securities	146,226	—	—	146,226
Mutual funds invested in mixed securities	30,154	—	—	30,154
Foreign stocks	936	—	—	936
Total equity securities	\$ 200,405	\$ —	\$ —	\$ 200,405

Debt securities:				
U.S. treasury securities	\$ 34,508	\$ 59	—	\$ 34,567
U.S. government agencies and sponsored entities	—	11,882	—	11,882
Corporate bonds	—	60,378	—	60,378
Foreign issues	—	5,170	—	5,170
Mutual funds	38,701	—	—	38,701
Municipalities	—	1,675	—	1,675
Asset/mortgage-backed securities	—	5,112	—	5,112
Other	43,240	—	—	43,240
Total debt securities	\$ 116,449	\$ 84,276	\$ —	\$ 200,725

Investments held in split-interest trust agreements

Equity securities:				
Mutual funds invested in equity securities	\$ 654	—	—	\$ 654
Mutual funds invested in mixed securities	213	—	—	213
Other	21	—	—	21
Total equity securities	888	—	—	888
Total FMV investments	\$ 317,742	\$ 84,276	\$ —	\$ 402,018

Investments measured at NAV: Fund-of-funds:

Alternative investments				\$ 18,331
Total investments				\$ 420,349

Investments are measured at fair value on a recurring basis, determined using inputs comprising the following at August 31, 2022:

Investments	Level 1	Level 2	Level 3	Total
Equity securities:				
Domestic equity	\$ 35,041	\$ —	\$ 1,530	\$ 36,571
Mutual funds invested in equity securities	151,066	—	—	151,066
Mutual funds invested in mixed securities	42,000	—	—	42,000
Total equity securities	\$ 228,107	\$ —	\$ 1,530	\$ 229,637
Debt securities:				
U.S. treasury securities	47,465	—	—	47,465
U.S. government agencies and sponsored entities	—	7,531	—	7,531
Corporate bonds	—	82,449	—	82,449
Foreign issues	—	6,166	—	6,166
Mutual funds	33,788	—	—	33,788
Municipalities	—	2,072	—	2,072
Asset/mortgage-backed securities	—	4,314	—	4,314
Other	5,333	—	—	5,333
Total debt securities	\$ 86,586	\$ 102,532	\$ —	\$ 189,118

Investments held in split-interest trust agreements

Equity securities:				
Mutual funds invested in equity securities	\$ 698	—	—	\$ 698
Mutual funds invested in mixed securities	257	—	—	257
Other	10	—	—	10
Total equity securities	\$ 965	\$ —	\$ —	\$ 965
Total FMV investments	\$ 315,658	\$ 102,532	\$ 1,530	\$ 419,720

Investments measured at NAV:

Fund-of-funds:				
Alternative investments				\$ 29,782
Total investments				\$ 449,502

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, 2023 and 2022 are recorded within cash and cash equivalents, investments, restricted cash and investments, and net pension liability within the consolidated statements 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 comprised of the following at August 31, 2023:

August 31, 2023	Level 1	Level 2	Level 3	Total
Fair value investments				
Cash equivalents	\$ 305	\$ –	\$ –	\$ 305
Equity securities:				
Domestic equity	23,089	–	–	23,089
Mutual funds invested in equity securities	148,585	–	–	148,585
Mutual funds invested in mixed securities	30,154	–	–	30,154
Foreign stocks	936	–	–	936
Total equity securities	\$203,069	\$ –	\$ –	\$203,069
Debt securities:				
U.S. treasury securities	\$ 34,508	\$ 59	\$ –	\$ 34,567
U.S. government agencies and sponsored entities	–	11,882	–	11,882
Corporate bonds	–	60,378	–	60,378
Foreign issues	–	5,170	–	5,170
Mutual funds	39,748	–	–	39,748
Municipalities	–	1,675	–	1,675
Asset/mortgage-backed securities	–	5,112	–	5,112
Other	43,240	–	–	43,240
Total debt securities	\$ 117,496	\$ 84,276	\$ –	\$201,772
Investments held in split-interest trust agreements				
Equity securities:				
Mutual funds invested in equity securities	654	–	–	654
Mutual funds invested in mixed securities	213	–	–	213
Other	21	–	–	21
Total equity securities	888	–	–	888
Total investments	\$ 321,454	\$ 84,276	\$ –	\$405,730
Liabilities				
Split-interest trust agreements	\$ –	\$ (4,115)	\$ –	\$ (4,115)
Total Liabilities	\$ –	\$ (4,115)	\$ –	\$ (4,115)

(See next page for the 2022 amounts.)

August 31, 2022	Level 1	Level 2	Level 3	Total
Fair value investments				
Cash equivalents	\$ 318	\$ -	\$ -	\$ 318
Equity securities:				
Domestic equity	35,041	-	1,530	36,571
Mutual funds invested in equity securities	153,465	-	-	153,465
Mutual funds invested in mixed securities	42,000	-	-	42,000
Total equity securities	230,824	-	1,530	232,354
Debt securities:				
U.S. treasury securities	47,465	-	-	47,465
U.S. government agencies and sponsored entities	-	7,531	-	7,531
Corporate bonds	-	82,449	-	82,449
Foreign issues	-	6,166	-	6,166
Mutual funds	34,836	-	-	34,836
Municipalities	-	2,072	-	2,072
Asset/mortgage-backed securities	-	4,314	-	4,314
Other	5,333	-	-	5,333
Total debt securities	87,634	102,532	-	190,166
Investments held in split-interest trust agreements				
Equity securities:				
Mutual funds invested in equity securities	698	-	-	698
Mutual funds invested in mixed securities	257	-	-	257
Other	10	-	-	10
Total equity securities	965	-	-	965
Total investments	\$ 319,423	\$ 102,532	\$ 1,530	\$ 423,485
Liabilities				
Split-interest trust agreements	\$ -	\$ (3,945)	\$ -	\$ (3,945)
Total liabilities	\$ -	\$ (3,945)	\$ -	\$ (3,945)

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.

	2023	2022
1 st lien loan funds	\$ -	\$ 7,814
Senior debt instruments	8,338	8,052
Equity securities	8,531	12,365
Partnerships	1,461	1,551
Collective trust funds in cash equivalents	318	337
Collective trust funds in equity securities	29,595	34,004
Collective trust funds in debt securities	16,041	11,554
Collective trust funds in hedge funds	4,485	4,198
	<u>\$ 68,769</u>	<u>\$ 79,875</u>

1st lien loan funds – This class included 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 United States. 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 was estimated using the net asset value per share of the investments. These funds were liquidated during 2023.

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 immaterial 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 represents 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 \$199 and \$(445) for the years ended August 31, 2023 and 2022, 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:

	2023	2022
Endowments	\$ 2,560	\$ 2,550
Pooled investment fund	943	973
Reinsurance security trust account	208	242
	<u>\$ 3,711</u>	<u>\$ 3,765</u>

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

August 31, 2023	Level 1	Level 2	Level 3	Total
Restricted cash and investments:				
Cash equivalents	\$ 305	\$ -	\$ -	\$ 305
Equity securities	2,359	-	-	2,359
Debt securities	1,047	-	-	1,047
Total restricted cash and investments	<u>\$ 3,711</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,711</u>

August 31, 2022	Level 1	Level 2	Level 3	Total
Restricted cash and investments:				
Cash equivalents	\$ 317	\$ -	\$ -	\$ 317
Equity securities	2,399	-	-	2,399
Debt securities	1,049	-	-	1,049
Total restricted cash and investments	<u>\$ 3,765</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,765</u>

6. Prepaid and Other Assets

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

	2023	2022
Prepaid expenses	\$ 6,353	\$ 2,589
Intangible assets	3,454	3,481
Other assets	3,733	4,880
	<u>\$ 13,540</u>	<u>\$ 10,950</u>

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 are comprised of the following at August 31:

	2023	2022
Long-term severance pay	\$ 17,531	\$ 17,563
Long-term disability plan	27,490	25,249
	<u>\$ 45,021</u>	<u>\$ 42,812</u>

The Ministry has a self-funded long-term disability plan. 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 are comprised of the following at August 31:

	2023	2022
Liability for annuities and trusts	\$ 4,174	\$ 3,996
Deferred revenues	6,176	2,044
Liability for loss and loss adjustment expense	2,061	2,048
Short-term lease obligation	2,503	-
Other liabilities	1,258	1,724
	<u>\$ 16,172</u>	<u>\$ 9,812</u>

9. Lines of Credit and Trust Accounts

As of August 31, 2023, the Ministry has one unsecured line of credit with a bank for up to \$30,000. Interest payments are at a variable rate and calculated at the Daily Simple SOFR plus 1.5%, with an applicable fee rate of 0.15% at year end on the unused portion. As of August 31, 2023, the Ministry had a balance of \$0 on the line of credit.

As of August 31, 2022, the Ministry has one unsecured line of credit with a bank for up to \$30,000. Interest payments are at a variable rate and calculated at the Daily Simple SOFR plus 1.5%, with an applicable fee rate of 0.15% at year end on the unused portion. As of August 31, 2022, the Ministry had a balance of \$24,033 on the line of credit. The Ministry also had a non-revolving line of credit, secured by investment funds, of up to \$21,000, with an outstanding balance of \$14,195, as of August 31, 2022. Interest payments on this line are at a variable rate and calculated at the Daily Simple SOFR plus 0.95%.

New Life has provided an irrevocable letter of credit as security for Old Republic Insurance Company, which amounted to \$3,403, as of both August 31, 2023 and 2022. 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, 2023, and 2022, the accounts had a combined balance of \$208 and \$242, respectively, and are included in restricted cash and investments in the accompanying consolidated statements of financial position.

The Arrowhead Travel company also has access to a letter of credit of \$20 as of August 31, 2023.

10. Other Income

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

	2023	2022
Services income	\$ 8,369	\$ 5,343
Royalty income	179	138
Honorarium income	262	315
Commission income	1,575	1,359
Rental income	223	249
Miscellaneous income	2,059	2,892
Total	<u>\$ 12,667</u>	<u>\$ 10,296</u>

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 \$352,621 and \$346,161 for the years ended August 31, 2023 and 2022, respectively. The joint costs, which are not specifically attributable to particular components of the activities, were allocated as follows:

	2023	2022
Campus ministries	\$ 150,528	\$ 147,498
Community ministries	115,174	113,334
Coverage ministries	19,354	20,395
International ministries	44,631	43,001
General and administration	5,778	5,403
Fundraising	17,157	16,530
Total	<u>\$ 352,621</u>	<u>\$ 346,161</u>

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, at its discretion, funds certain of these offices. Total amounts funded during 2023 and 2022, which are included in international ministries in the accompanying consolidated statements of activities, by world area, are as follows:

	2023	2022
Asia and South Pacific	\$ 15,309	\$ 13,024
Europe	23,192	23,226
Africa and Middle East	28,823	23,987
North and South America	5,023	5,502
Total	<u>\$ 72,348</u>	<u>\$ 65,739</u>

13. Staff Compensation

Compensation Salaries and staff members' expenses were \$391,201 and \$374,354 in 2023 and 2022, respectively. Average monthly compensation, including retirement plan contributions, for religious missionary order staff families was \$7.1 and \$6.8 in 2023 and 2022, respectively, and for religious missionary order staff singles was \$3.4 and \$3.2 in 2023 and 2022, 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 plan assets over the two-year period ended August 31, 2023, and a statement of the funded status as of August 31:

	2023	2022
Change in benefit obligation:		
Projected benefit obligation – beginning of year	\$ 71,594	\$ 90,901
Interest cost	3,213	2,309
Actuarial loss (gain) on projected benefit obligations	(5,348)	(18,220)
Benefit payments	(3,663)	(3,396)
Projected benefit obligation – end of year	<u>\$ 65,796</u>	<u>\$ 71,594</u>
Accumulated benefit obligation – end of year	<u>\$ 65,796</u>	<u>\$ 71,594</u>
Change in plan assets:		
Fair value of plan assets – beginning of year	\$ 50,037	\$ 64,011
Actual return on plan assets	4,055	(10,578)
Employer contributions	–	–
Benefit payments	(3,663)	(3,396)
Fair value of plan assets – end of year	<u>\$ 50,429</u>	<u>\$ 50,037</u>
Unfunded status – end of year	<u>\$ (15,366)</u>	<u>\$ (21,557)</u>

The components of net periodic pension cost were as follows:

	2023	2022
Components of net periodic benefit cost:		
Interest cost on projected benefit obligations	\$ 3,213	\$ 2,309
Expected return on plan assets	(3,090)	(3,313)
Amortization of net loss	904	1,036
Net periodic benefit cost	<u>\$ 1,027</u>	<u>\$ 32</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 2023 is \$904 (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:

	2023	2022
Change in pension unrecognized net gain (loss) and prior service cost	<u>\$ 7,218</u>	<u>\$ 5,365</u>

At August 31, 2023 and 2022, net periodic benefit cost of \$1,027 and \$32, 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.

	2023	2022
Unrecognized net loss	<u>\$ 18,668</u>	<u>\$ 25,886</u>

Changes in the Plan's asset and benefit obligations recognized in net assets without donor restrictions during 2023 and 2022 include the following:

	2023	2022
Current year actuarial gain (loss)	\$ 6,314	\$ 4,329
Amortization of net loss	904	1,036
Change in net assets without donor restrictions	<u>\$ 7,218</u>	<u>\$ 5,365</u>

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

	Target 2024	Assets at August 31	
		2023	2022
Equity securities	59.5%	58.6%	67.9%
Debt securities	32.0	31.8	23.1
Hedge Fund	8.5	8.9	8.4
Cash equivalents and other	—	0.7	0.6
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, 2023 and 2022, measured at net asset value:

	2023	2022
Collective trust funds in cash equivalents	\$ 318	\$ 337
Collective trust funds in equity securities	29,595	34,004
Collective trust funds in debt securities	16,041	11,554
Collective trust funds in hedge funds	4,485	4,198
	<u>\$ 50,438</u>	<u>\$ 50,093</u>

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

	2023	2022
Weighted-average assumptions as of August 31:		
Discount rate	5.40%	4.61%
Expected return on plan assets	6.14	6.42
Rate of compensation increase	N/A	N/A
Other accounting disclosures:		
Market-related value of assets	\$ 50,429	\$ 50,037
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	—	—
(b) Unrecognized net gain or loss	—	—
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 \$9,884 and \$9,400 for the years ended August 31, 2023 and 2022, 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 \$207 and \$214 to the Savings Plan for the years ended August 31, 2023 and 2022, respectively.

14. Commitments and Contingencies

Operating Leases (prior year presentation before adoption of ASC 842)

The Ministry leases certain equipment and office facilities under operating and finance lease agreements. The leases have terms primarily between one to five years. Future rental payments under these operating leases at August 31, 2023 are as follows:

Years ending August 31:	
2024	\$ 2,682
2025	1,632
2026	1,090
2027	606
2028 and thereafter	746
	<u>\$ 6,756</u>

Rent expense was \$2,939 and \$3,475 in 2023 and 2022, respectively.

Leases (New Presentation Under ASC 842) The Ministry leases certain equipment and office facilities under operating and finance lease agreements.

Following is a summary of operating and finance lease right-of-use assets included in Leases Right of Use Assets and lease liabilities as of August 31, 2023. The Current portion of lease liabilities is included in Other accrued liabilities, and the Noncurrent portion is included in its own line called Long-term lease obligation.

	2023
Operating lease right-of-use assets	\$ 13,093
Operating lease liabilities:	
Current	2,187
Noncurrent	10,980
Finance lease right-of-use assets	443
Finance lease liabilities:	
Current	67
Noncurrent	135

Lease expenses for the year ended August 31, 2023 are as follows:

	<u>2023</u>
Operating lease expense	\$ 2,686
Finance lease expense:	
Amortization of right-of-use assets	251
Interest on lease liabilities	3
Short-term lease cost	968
Ultra short-term lease cost	3,032
Immaterial lease cost	279
Variable lease cost	229
Sublease income	(87)
Total lease cost	<u>\$ 7,360</u>

The Ministry subleases certain office spaces and housing facilities and records sublease income separately.

Supplemental cash flow information related to leases for the year ended August 31, 2023 was as follows:

	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from finance leases	\$ 4
Operating cash flows from operating leases	2,661
Financing cash flows from finance leases	244
Right-of-use assets obtained in exchange for new lease liabilities:	
Operating leases	15,499
Finance leases	448

Weighted-average lease terms and discount rates at August 31, 2023 were as follows:

Weighted-average remaining lease term:	
Operating leases	10.15 years
Finance leases	3.79 years
Weighted-average discount rate:	
Operating leases	3.62%
Finance leases	3.61%

Future rental payments under operating and financing leases at August 31, 2023 are as follows:

Years ending August 31:	<u>Operating Leases</u>	<u>Finance Leases</u>
2024	\$ 2,614	\$ 73
2025	2,211	44
2026	1,797	43
2027	1,408	41
2028	1,354	16
Thereafter	6,413	1
	<u>15,798</u>	<u>216</u>
Less: Imputed interest	(2,631)	(14)
	<u>\$ 13,167</u>	<u>\$ 202</u>

Rent expense was \$7,360 and \$3,475 in 2023 and 2022, respectively.

Lessor The Ministry leases an apartment space and a studio under operating leases. The Ministry determines whether a lease exists at inception. Initial lease terms are typically 1 to 5 years. Lease income primarily represents fixed lease payments from tenants recognized on a straight-line basis over the applicable lease term. Lease and non-lease components are accounted for together as a single lease component for all leases.

Total lease income was \$715 and \$734 for 2023 and 2022, respectively. Total lease income for 2023 and 2022 was as follows:

	<u>2023</u>	<u>2022</u>
Lease income	\$ 715	\$ 734
Variable lease income	-	-
	<u>\$ 715</u>	<u>\$ 734</u>

Future fixed lease payments for all noncancellable operating leases as of August 31, 2023 are as follows:

Years ending August 31:	
2024	\$ 612
2025	510
2026	500
2027	-
2028	-
Thereafter	-
	<u>\$ 1,622</u>

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, changes in net assets or cash flows.

15. Endowments

Changes in endowment funds for the fiscal year ended August 31, 2023 consisted of the following:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Net assets beginning of the year	\$ 300	\$ 3,308	\$ 3,608
Additions	-	49	49
Investment return	193	57	251
Distributions	(150)	(54)	(204)
Net assets, end of year	<u>\$ 343</u>	<u>\$ 3,360</u>	<u>\$ 3,703</u>

Changes in endowment funds for the fiscal year ended August 31, 2022 consisted of the following:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Net assets beginning of the year	\$ 899	\$ 3,513	\$ 4,412
Additions	-	-	-
Investment return	(449)	(130)	(579)
Distributions	(150)	(75)	(225)
Net assets, end of year	<u>\$ 300</u>	<u>\$ 3,308</u>	<u>\$ 3,608</u>

16. Net Assets With Donor Restrictions

Net assets with donor restrictions are available at August 31 for the following purposes:

	<u>2023</u>	<u>2022</u>
Annuities, trusts, and endowments	\$ 9,039	\$ 8,813
AIA Wooden Center Building Project	3,231	7,825
	<u>\$ 12,270</u>	<u>\$ 16,638</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:

	<u>2023</u>	<u>2022</u>
Annuities, trusts, and endowments	\$ 216	\$ 221
AIA Wooden Center Building Project	5,573	530
Total	<u>\$ 5,789</u>	<u>\$ 751</u>

18. Functional Expenses

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

	Ministries				Support Services		Total Expenses
	United States			International Ministries	General and Administrative	Fundraising	
	Campus	Community	Coverage				
August 31, 2023							
Salaries and benefits	\$ 142,094	\$ 114,439	\$ 36,246	\$ 43,543	\$ 28,390	\$ 26,489	\$ 391,201
International subsidies	-	-	-	72,348	-	-	72,348
Gifts in kind	-	-	-	12,532	-	-	12,532
Contracted services	3,762	3,275	10,583	635	3,245	11,835	33,335
Technology	1,066	1,161	3,294	974	10,300	477	17,272
Media and other communications	2,091	3,835	8,529	320	82	911	15,768
Rent and utilities	5,310	1,847	1,067	568	1,143	1,165	11,100
Travel and entertainment	25,826	9,224	6,806	9,350	1,611	3,672	56,489
Printing	1,173	622	269	297	1,005	1,029	4,395
Postage and freight	852	1,332	434	218	996	3,022	6,854
Supplies	2,522	1,261	872	613	299	418	5,985
Depreciation and amortization	923	1,418	2,399	507	1,456	97	6,800
Telephone	962	797	425	414	256	218	3,072
Cost of sales	30	1,137	221	-	363	4	1,755
Bank fees and interest	73	335	18	118	4,185	27	4,756
Training and meetings	1,420	960	721	1,266	487	166	5,020
Insurance	4	7	38	51	2,237	4	2,341
Donations to other organizations	127	919	6,994	2,484	1,198	10,638	22,360
Other expenses	122	214	124	268	573	860	2,161
Total expenses	\$ 188,357	\$ 142,783	\$ 79,040	\$ 146,506	\$ 57,826	\$ 61,032	\$ 675,544

	Ministries				Support Services		Total Expenses
	United States			International Ministries	General and Administrative	Fundraising	
	Campus	Community	Coverage				
August 31, 2022							
Salaries and benefits	\$ 137,291	\$ 110,324	\$ 34,455	\$ 41,689	\$ 25,370	\$ 25,225	\$ 374,354
International subsidies	-	-	-	65,739	-	-	65,739
Gifts in kind	-	-	-	11,773	-	-	11,773
Contracted services	1,753	2,380	9,117	542	2,247	9,566	25,605
Technology	1,269	1,212	4,009	884	9,108	537	17,019
Media and other communications	2,054	4,054	4,642	923	129	856	12,658
Rent and utilities	2,455	6,664	1,648	761	958	734	13,220
Travel and entertainment	25,266	9,406	6,111	6,545	869	3,799	51,996
Printing	1,172	740	396	256	710	970	4,244
Postage and freight	911	1,349	391	319	1,033	3,178	7,181
Supplies	2,315	967	905	542	698	380	5,807
Depreciation and amortization	828	852	2,273	909	8	561	5,431
Telephone	1,012	836	419	422	308	214	3,211
Cost of sales	34	1,108	162	2	269	3	1,578
Bank fees and interest	55	344	22	119	3,822	27	4,389
Training and meetings	1,339	801	656	1,041	117	198	4,152
Insurance	21	4	15	23	1,904	4	1,971
Donations to other organizations	111	861	10,737	1,086	5	9,264	22,064
Other expenses	126	733	81	320	1,023	261	2,544
Total expenses	\$ 178,012	\$ 142,635	\$ 76,039	\$ 133,895	\$ 48,578	\$ 55,777	\$ 634,936

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

19. Subsequent Events

ASC 855-10, *Subsequent Events* – Overall, establishes general standards of accounting for, and disclosure of, events that occur after the consolidated statement of financial position date but before the consolidated 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 consolidated statement of financial position date, including estimates inherent in the process of preparing financial statements, are recognized in the consolidated financial statements. The effects of events that provide evidence about conditions that did not exist at the consolidated statement of financial position date but arose after that date are not recognized in the consolidated financial statements. The Ministry has reviewed subsequent events through December 13, 2023 (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 2023. 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 meeting, 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. Throughout the fiscal year, Cru was blessed spiritually and financially. All donations, large or small, are important, greatly appreciated, and stewarded in a God-honoring way. As a ministry, we were blessed by those who gave, including receiving two of the largest donations in the history of Cru!

For the fiscal year ended August 31, 2023, total worldwide revenues of Campus Crusade for Christ, Inc. and its foreign associates were \$865,302,000. United States operating revenues of the Ministry for the fiscal year were \$704,275,000. This provided the Ministry with a positive change in net assets of \$63,966,000 for fiscal year 2023.

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 count it a privilege to be a part of the mission to bring the Good News of Jesus to every person.



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 \$74,192. 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

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