



GAIN INTERNATIONAL d/b/a GAIN USA,
A SUBSIDIARY OF CRU GLOBAL, INC.

Financial Statements
With Independent Auditors' Report

August 31, 2019 and 2018

GaiN INTERNATIONAL
d/b/a GaiN USA, a subsidiary of CRU Global, Inc.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
GAiN International
d/b/a GAiN USA, a subsidiary of CRU Global, Inc.
Plano, Texas

We have audited the accompanying financial statements of GAiN International, d/b/a GAiN USA, a subsidiary of CRU Global, Inc. which comprise the statements of financial position as of August 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Board of Directors
GAiN International
d/b/a GAiN USA, a subsidiary of CRU Global, Inc.
Plano, Texas

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GAiN International d/b/a GAiN USA, a subsidiary of CRU Global, Inc. as of August 31, 2019 and 2018, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

The accompanying financial statements are those of GAiN International d/b/a GAiN USA, a subsidiary of CRU Global Inc. as described in Note 1, and are not those of the primary reporting entity.

Emphasis of Matter

GAiN International d/b/a GAiN USA, a subsidiary of CRU Global, Inc. has adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as described in Note 2. Our opinion is not modified in respect to this matter.

Capin Crouse LLP

Grapevine, Texas
December 5, 2019

GAIN INTERNATIONAL
d/b/a GAIN USA, a subsidiary of CRU Global, Inc.

Statements of Financial Position

	August 31,	
	2019	2018
ASSETS:		
Cash and cash equivalents	\$ 1,206,411	\$ 1,795,689
Prepaid expenses and other assets	124,056	50,273
Inventory	5,520,387	7,545,147
Capital assets–net	1,487,173	1,512,426
Total Assets	\$ 8,338,027	\$ 10,903,535
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and other liabilities	\$ 113,142	\$ 164,070
Net assets without donor restrictions	8,224,885	10,739,465
Total Liabilities and Net Assets	\$ 8,338,027	\$ 10,903,535

See notes to financial statements

GAIN INTERNATIONAL
d/b/a GAIN USA, a subsidiary of CRU Global, Inc.

Statements of Activities

	Year Ended August 31,	
	2019	2018
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
SUPPORT AND REVENUE:		
Contributions	\$ 4,034,935	\$ 4,854,347
Gift-in-kind contributions	10,831,431	12,071,750
Contributed services	2,505,691	2,005,583
Contributed services–inventory enhancement	457,907	1,640,267
Event registration fees	324,608	344,712
Contributed rent	138,127	141,030
Other income	277,939	121,084
Total Support and Revenue	18,570,638	21,178,773
Expenses:		
Program services	18,291,948	19,188,494
Supporting activities:		
General and administrative	1,607,617	652,058
Fundraising	1,185,653	1,265,676
Total Expenses	21,085,218	21,106,228
Change in Net Assets Without Donor Restrictions	(2,514,580)	72,545
Net Assets, Beginning of Year	10,739,465	10,666,920
Net Assets, End of Year	\$ 8,224,885	\$ 10,739,465

See notes to financial statements

GAIN INTERNATIONAL
d/b/a GAIN USA, a subsidiary of CRU Global, Inc.

Statement of Functional Expenses

Year Ended August 31, 2019

	Program Services	Supporting Activities		Total
		Management and General	Fundraising	
Aid and assistance	\$ 12,260,966	\$ -	\$ -	\$ 12,260,966
Contributed services	2,009,957	329,928	165,806	2,505,691
Salaries and benefits	428,974	104,254	510,533	1,043,761
Scrap and obsolete inventory*	-	860,791	-	860,791
Contributed services–inventory enhancement	871,532	-	-	871,532
Shipping and distribution	863,783	2,757	24	866,564
Professional fees	253,821	49,501	415,854	719,176
Travel	614,356	76,340	6,026	696,722
Occupancy	411,021	66,791	35,964	513,776
Office expenses	232,008	24,567	32,055	288,630
Training and meetings	83,961	54,894	665	139,520
Technology expenses	110,134	17,897	9,637	137,668
Other expenses	151,435	19,897	9,089	180,421
	<u>\$ 18,291,948</u>	<u>\$ 1,607,617</u>	<u>\$ 1,185,653</u>	<u>\$ 21,085,218</u>

*During the year ended August 31, 2019, \$824,875 of gift-in-kind inventory was identified by GAIN as obsolete and has been recorded as scrap and obsolete inventory. These clothing and shoe products were received over several fiscal years, but are no longer considered optimal aid for GAIN's target audiences. Accordingly, GAIN will develop a process for estimating a percentage for obsolete inventory for future years, beginning with fiscal year 2020.

See notes to financial statements

GAIN INTERNATIONAL
d/b/a GAIN USA, a subsidiary of CRU Global, Inc.

Statement of Functional Expenses

Year Ended August 31, 2018

	Program Services	Supporting Activities		Total
		Management and General	Fundraising	
Aid and assistance	\$ 13,076,176	\$ -	\$ -	\$ 13,076,176
Contributed services	1,571,181	193,492	240,910	2,005,583
Salaries and benefits	325,242	133,740	484,661	943,643
Contributed services–inventory enhancement	1,646,815	-	-	1,646,815
Shipping and distribution	792,175	-	-	792,175
Professional fees	168,334	44,118	437,836	650,288
Travel	484,970	92,185	20,161	597,316
Occupancy	366,511	59,558	32,070	458,139
Office expenses	236,938	25,792	26,070	288,800
Training and meetings	74,427	41,315	4,611	120,353
Technology expenses	133,625	21,714	11,692	167,031
Other expenses	312,100	40,144	7,665	359,909
	<u>\$ 19,188,494</u>	<u>\$ 652,058</u>	<u>\$ 1,265,676</u>	<u>\$ 21,106,228</u>

See notes to financial statements

GAIN INTERNATIONAL
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Statements of Cash Flows

	Year Ended August 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (2,514,580)	\$ 72,545
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Donated inventory	(11,289,338)	(13,712,017)
Distributed inventory	13,771,781	14,402,936
Depreciation expense	100,260	80,330
Net change in operating assets and liabilities:		
Prepaid expenses and other assets	(73,783)	(6,559)
Purchased inventory	(457,683)	(193,981)
Accounts payable and other liabilities	(50,928)	1,880
Net Cash Provided (Used) by Operating Activities	(514,271)	645,134
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of capital assets	(75,007)	(116,771)
Net Cash Used by Investing Activities	(75,007)	(116,771)
Net Change in Cash and Cash Equivalents	(589,278)	528,363
Cash and Cash Equivalents, Beginning of Year	1,795,689	1,267,326
Cash and Cash Equivalents, End of Year	\$ 1,206,411	\$ 1,795,689

See notes to financial statements

GAIN INTERNATIONAL
d/b/a GAIN USA, a subsidiary of CRU Global, Inc.

Notes to Financial Statements

August 31, 2019 and 2018

1. NATURE OF ORGANIZATION:

GAiN International d/b/a GAiN USA (GAiN), was incorporated as a nonprofit organization in the State of California in 1994. GAiN is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and is not a private foundation under Section 509(a) of the Code. Income for GAiN is primarily generated by cash and gift-in-kind contributions from individuals, churches, and other relief organizations.

GAiN's board of directors is composed of members of Campus Crusade for Christ, Inc. and the public constituency. Campus Crusade for Christ, Inc. (Cru) and Cru Global Inc.'s board of directors have voting authority over the GAiN board.

The purpose of GAiN is to provide humanitarian aid and assistance including food, clothing, vegetable seeds, medical supplies and services, educational assistance, clean water initiatives, emergency relief, and other compassionate aid to help meet the needs of the poor and disadvantaged in the United States and around the world. These efforts are done in coordination with international staff members of Cru, other partner ministries, and churches in locations around the world.

In several countries, GAiN has established programs to provide emergency relief food items to bring tangible help and hope for people affected by military conflict. The material aid is distributed through local partner ministries in these countries.

Other projects have taken place in parts of Liberia, Mali, Zambia, Zimbabwe, East Africa, Middle East, Peru, and Central America to bring relief for people affected by disasters, diseases from unclean water and refugee displacement by providing pharmaceuticals, food, clothing, medical supplies, blankets, and funds to repair and dig new water wells to aid in the humanitarian crisis.

Several short-term mission teams have been deployed to countries such as Chad, Zambia, Zimbabwe, Tanzania, El Salvador, Malawi, Vietnam, Rwanda, Greece, and the Middle East. Humanitarian aid including clothing, care packs of school supplies, wheelchairs, glasses, blankets, seeds, food, and other medical equipment have been shipped via ocean freight bound for many of the locations where GAiN conducted mission trips. Team members helped in the process of fitting adults and children for wheelchairs and glasses.

GAiN works with other related organizations throughout the world, such as GAiN Australia, GAiN Canada, GAiN Germany, and GAiN Holland. These related organizations are legally separate from GAiN, and each organization is governed by an independent board of directors. Therefore, the assets, liabilities, net assets, and results of their activities have not been included in this report.

GAIN INTERNATIONAL
d/b/a GAIN USA, a subsidiary of CRU Global, Inc.

Notes to Financial Statements

August 31, 2019 and 2018

2. SIGNIFICANT ACCOUNTING POLICIES:

GAiN uses estimates and assumptions in preparing financial statements with the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of any contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include petty cash on hand and checking accounts. The accounts may, at times, exceed federally insured limits. GAiN has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk. As of August 31, 2019 and 2018, GAiN had cash balances exceeding federally insured limits of approximately \$1,088,000 and \$1,679,000, respectively.

INVENTORY

Inventory consists of items such as clothing, healthcare items, vegetable seeds, and other materials purchased by GAiN or donated to GAiN. Purchased inventory is recorded at the lower of cost or net realizable value. GAiN reports its gifts-in-kind inventory and the related revenue and expenses based on market sources and inputs to estimate fair value using an exit price notion.

CAPITAL ASSETS

GAiN capitalizes all individual capital assets greater than \$7,500 and groups of fixed assets in excess of \$10,000 at cost. Depreciation is computed on the straight-line basis over estimated useful life ranging from 3 to 39 years.

NET ASSETS

Net assets without donor restrictions are those currently available for use in GAiN's operations, preferred contributions for the support of GAiN's projects, and those resources invested in inventory and capital assets.

SUPPORT AND REVENUE

Contributions are recorded when made, which may be when cash or unconditional promises are made or received or when ownership of donated assets is transferred to GAiN. GAiN reports contributions net of Cru assessments for administrative and other services provided that were \$479,164 and \$500,192 for the years ended August 31, 2019 and 2018, respectively.

GAIN INTERNATIONAL
d/b/a GAIN USA, a subsidiary of CRU Global, Inc.

Notes to Financial Statements

August 31, 2019 and 2018

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE, continued

GAIN receives donations of clothing, shoes, medical and school supplies, and other materials for use in its ministry programs. Such gifts are recorded at their estimated fair market value on the date of donation. The fair market value of donated materials is based on market sources and inputs using an exit price notion. Gifts received are reported in the statements of activities as gift-in-kind contributions without donor restrictions. Amounts used during the year are included in program services expense in the statements of activities. Amounts remaining at year-end are included in inventory in the statements of financial position.

Event registration fees and other income are recorded when earned.

CONTRIBUTED SERVICES

GAIN records contributed services at fair market value of the services received. GAIN has agreed with Cru to have individuals work as seconded employees of GAIN. GAIN directs these individuals' job descriptions; however, the salaries and related benefits of these individuals are paid by Cru. The value of these services received from Cru is recognized as contributed services revenue and expense in the statements of activities (see Note 8).

GAIN also records the fair market value of services received from volunteers who enhance the value of inventory. The value of these services received is recognized as contributed services-inventory enhancement in the statements of activities.

FUNCTIONAL ALLOCATION OF EXPENSES

Expenses are recognized when incurred within the accrual basis of accounting.

The costs of providing program services and supporting activities of GAIN have been summarized on a functional basis in the statements of activities. Certain costs, such as occupancy costs, depreciation, and payroll, have been allocated among the program services and supporting activities benefited. Depreciation is allocated based on usage of space. Contributed services, payroll, and other categories are allocated based on estimates of time and effort.

GAIN incurs shipping and handling costs to ship their containers of donated goods. For the years ended August 31, 2019 and 2018, shipping and handling costs incurred were approximately \$867,000 and \$792,000, respectively. These costs are included in program activities in the statements of activities.

GAI*N* INTERNATIONAL
d/b/a GAI*N* USA, a subsidiary of CRU Global, Inc.

Notes to Financial Statements

August 31, 2019 and 2018

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

RECENTLY ISSUED ACCOUNTING STANDARDS

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. GAI*N* adopted the provisions of this new standard during the year ended August 31, 2019. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and the availability of resources (Note 3), and disclosures related to the functional allocation of expenses were expanded (Note 2).

3. LIQUIDITY AND FUNDS AVAILABLE:

Financial assets are considered unavailable when illiquid or not convertible to cash within one year. As of August 31, 2019, GAI*N* had \$1,220,302 of financial assets available to meet cash needs for general expenditures within one year. This includes cash and cash equivalents and receivables.

4. INVENTORY:

Inventory consists of:

	August 31,	
	2019	2018
Clothing	\$ 2,200,851	\$ 2,894,634
Healthcare items	1,066,736	1,054,434
Toys	840,346	896,023
Other	311,362	235,458
Seeds	413,902	793,463
Shoes	386,077	1,316,374
Blankets	156,916	172,331
Food items	75,793	99,312
Carepacks	68,404	83,118
	\$ 5,520,387	\$ 7,545,147

GaiN INTERNATIONAL
d/b/a GAIN USA, a subsidiary of CRU Global, Inc.

Notes to Financial Statements

August 31, 2019 and 2018

5. CAPITAL ASSETS–NET:

Capital assets–net consist of:

	August 31,	
	2019	2018
Land	\$ 225,000	\$ 225,000
Building and improvements	1,864,341	1,843,674
Furniture and equipment	205,413	151,073
	2,294,754	2,219,747
Accumulated depreciation	(807,581)	(707,321)
	\$ 1,487,173	\$ 1,512,426

6. OPERATING LEASES:

GAiN leases office space in Plano, Texas, as well as equipment and software to support its operations under operating leases. Rent expense under these leases for the years ended August 31, 2019 and 2018, was \$419,236 and \$376,990, respectively. Future minimum lease payments on operating leases with terms beyond twelve months are:

<u>Year Ending August 31,</u>	
2020	\$ 248,307
2021	265,350
2022	283,926
2023	281,569
2024	201,584
	\$ 1,280,736

GAI*N* INTERNATIONAL
d/b/a GAI*N* USA, a subsidiary of CRU Global, Inc.

Notes to Financial Statements

August 31, 2019 and 2018

7. CONTRIBUTED RENT:

As part of the above operating leases, GAI*N* is provided below-market rent from a third party organization. The difference between the rent paid and the fair market value of the rent has been recorded as contributed rent in the statements of activities. GAI*N* received contributed rent income of \$138,127 and \$141,030 during the years ended August 31, 2019 and 2018, respectively.

8. RELATED PARTY TRANSACTIONS:

During the years ended August 31, 2019 and 2018, GAI*N* participated in related party transactions with Cru and its related ministries. The related party transactions consist of:

	August 31,	
	2019	2018
Contributed services provided by Cru	\$ 2,505,691	\$ 2,005,583
Payments made to Cru for expenses paid by Cru on behalf of GAI <i>N</i>	\$ 1,957,322	\$ 1,571,897
Contributions received from Cru	\$ 912,829	\$ 1,596,167
Contributions made to Cru affiliates	\$ 10,433	\$ 66,949

9. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through December 5, 2019, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.