



FINANCIAL STATEMENTS  
With Independent Auditors' Report

August 31, 2011 and 2010

**GAIN INTERNATIONAL**  
**d/b/a GAIN USA**

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
GAiN International, d/b/a GAiN USA  
Plano, Texas

We have audited the accompanying statements of financial position of GAiN International, d/b/a GAiN USA, as of August 31, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GAiN International, d/b/a GAiN USA, as of August 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements are those of GAiN International, d/b/a GAiN USA, under common control with Campus Crusade for Christ, Inc. as described in Note 1, and are not those of the primary reporting entity.

*Capin Crouse LLP*

Dallas, Texas  
November 3, 2011

**GAIN INTERNATIONAL**  
**d/b/a GAIN USA**

**Statements of Financial Position**

	August 31,	
	2011	2010
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 241,041	\$ 388,021
Advances	82,148	126,885
Accounts receivable	12,167	279,549
Prepaid expenses and other assets	62,962	118,793
Inventory—purchased	35,818	58,060
Inventory—contributed	5,991,107	7,096,577
Capital assets—net	1,565,763	1,632,254
Total Assets	\$ 7,991,006	\$ 9,700,139
<b>LIABILITIES AND NET ASSETS:</b>		
Liabilities:		
Accounts payable	\$ 172,549	\$ 173,052
Related party payable	886,324	878,896
Deferred revenue	81,615	60,725
	1,140,488	1,112,673
Net assets:		
Unrestricted:		
Inventory	6,026,925	7,154,637
Equity in capital assets	1,565,763	1,632,254
Operating	(1,338,911)	(876,533)
	6,253,777	7,910,358
Temporarily restricted	596,741	677,108
	6,850,518	8,587,466
Total Liabilities and Net Assets	\$ 7,991,006	\$ 9,700,139

See notes to financial statements

**GAIN INTERNATIONAL**  
**d/b/a GAIN USA**

**Statements of Activities**

	Year Ended August 31,					
	2011			2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE:</b>						
Contributions	\$ 1,906,077	\$ 1,282,786	\$ 3,188,863	\$ 2,293,167	\$ 2,314,423	\$ 4,607,590
Gift-in-kind contributions	30,029,066	-	30,029,066	27,167,736	-	27,167,736
Contributed services	1,549,733	-	1,549,733	1,430,170	-	1,430,170
Project revenue	285,077	-	285,077	956,569	-	956,569
Trip registration fees	573,059	-	573,059	578,910	-	578,910
Other income	68,650	-	68,650	112,431	-	112,431
<b>Total Support and Revenue</b>	<b>34,411,662</b>	<b>1,282,786</b>	<b>35,694,448</b>	<b>32,538,983</b>	<b>2,314,423</b>	<b>34,853,406</b>
<b>NET ASSETS RELEASED:</b>						
Purpose restrictions	1,363,153	(1,363,153)	-	2,292,122	(2,292,122)	-
<b>EXPENSES:</b>						
Program services	35,945,067	-	35,945,067	31,961,899	-	31,961,899
Support activities:						
Management and general	576,340	-	576,340	591,321	-	591,321
Fund-raising	909,989	-	909,989	1,024,507	-	1,024,507
<b>Total Expenses</b>	<b>37,431,396</b>	<b>-</b>	<b>37,431,396</b>	<b>33,577,727</b>	<b>-</b>	<b>33,577,727</b>
<b>Change in Net Assets</b>	<b>(1,656,581)</b>	<b>(80,367)</b>	<b>(1,736,948)</b>	<b>1,253,378</b>	<b>22,301</b>	<b>1,275,679</b>
<b>Net Assets, Beginning of Year</b>	<b>7,910,358</b>	<b>677,108</b>	<b>8,587,466</b>	<b>6,656,980</b>	<b>654,807</b>	<b>7,311,787</b>
<b>Net Assets, End of Year</b>	<b>\$ 6,253,777</b>	<b>\$ 596,741</b>	<b>\$ 6,850,518</b>	<b>\$ 7,910,358</b>	<b>\$ 677,108</b>	<b>\$ 8,587,466</b>

See notes to financial statements

**GAIN INTERNATIONAL**  
**d/b/a GAIN USA**

**Statements of Cash Flows**

	Year Ended August 31,	
	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (1,736,948)	\$ 1,275,679
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	66,491	76,880
Net change in operating assets and liabilities:		
Advances	44,737	(73,406)
Accounts receivable	267,382	(272,637)
Prepaid expenses and other assets	55,831	(63,328)
Inventory	1,127,712	(1,036,602)
Accounts payable	(503)	(168,020)
Related party payable	7,428	133,314
Deferred revenue	20,890	60,725
Net Cash Used by Operating Activities	(146,980)	(67,395)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of capital assets	-	(40,944)
Net Cash Used by Investing Activities	-	(40,944)
Net Change in Cash and Cash Equivalents	(146,980)	(108,339)
Cash and Cash Equivalents, Beginning of Year	388,021	496,360
Cash and Cash Equivalents, End of Year	\$ 241,041	\$ 388,021

See notes to financial statements

# **GAI*N* INTERNATIONAL** **d/b/a GAI*N* USA**

## **Notes to Financial Statements**

August 31, 2011 and 2010

### **1. NATURE OF ORGANIZATION:**

GAI*N* International, doing business as GAI*N* USA (GAI*N*), was incorporated as a nonprofit organization in the State of California in 1994 and 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 GAI*N* is primarily generated by cash and gift-in-kind contributions from individuals, churches, and other relief organizations.

GAI*N*'s board of directors is composed of members of Campus Crusade for Christ, Inc. (CCC) and the public constituency. The CCC board of directors has voting authority over the GAI*N* board.

The purpose of GAI*N* 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 CCC, other partner ministries, and churches in locations around the world.

In several Middle Eastern countries, GAI*N* has established programs to provide emergency relief food items called "Bags of Blessing" or "Boxes of Blessing" 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 Haiti, Guatemala, and Pakistan to bring relief for people affected by earthquakes, cyclones, and other natural disasters by providing culturally appropriate food, medical supplies and services, water purification systems, reconstruction, and other assistance.

More than a dozen short-term mission teams have been deployed to countries such as Guatemala, Russia, Ukraine, Haiti, Zimbabwe, and a central-Asian country. Humanitarian aid including clothing, Care Packs of school supplies, wheelchairs, and other medical equipment have been shipped via ocean freight bound for many of the locations where GAI*N* conducted mission trips. Further, critical care needs such as food, vitamins, and medicine have been purchased and distributed in orphanages, hospitals, invalid societies, schools, and other institutions in countries and at sites where mission outreach has been conducted.

GAI*N* works with other related organizations throughout the world, such as GAI*N* Australia, GAI*N* Canada, GAI*N* Germany, and GAI*N* Holland. These related organizations are legally separate from GAI*N*, 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**

**Notes to Financial Statements**

August 31, 2011 and 2010

2. SIGNIFICANT ACCOUNTING POLICIES:

GAiN uses estimates and assumptions in preparing financial statements 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 a checking account. The checking account may, at times, exceed federally insured limits. GAiN has not experienced any losses in these accounts, and it believes it is not exposed to any significant credit risk.

**ADVANCES**

Advances consist of unused monies from summer missions trips left with the missionaries or affiliates. These monies will be used for future missions trips to the same locations.

**INVENTORY**

Inventory consists of items such as clothing, medical supplies, school supplies, and other materials purchased by GAiN or donated to GAiN by donors. Purchased inventory is recorded at the lower of cost or fair market value. GAiN reports its gifts-in-kind based on market sources and inputs to estimate fair value using an exit price notion.

**CAPITAL ASSETS**

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

**NET ASSETS**

*Unrestricted net assets* are those currently available at the discretion of the board for use in the operations of GAiN and those resources invested in inventory and capital assets.

*Temporarily restricted net assets* are comprised of donor-restricted contributions for the support of GAiN projects.



**GAI*N* INTERNATIONAL**  
**d/b/a GAI*N* USA**

**Notes to Financial Statements**

August 31, 2011 and 2010

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

**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 GAI*N*. Contributions restricted by the donor for a specific purpose are recorded as temporarily restricted support. Upon satisfaction of the restriction, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from purpose restrictions. GAI*N* reports contributions net of a CCC assessment for administrative and other services provided. This assessment was \$398,518 and \$514,117 for the years ended August 31, 2011 and 2010, respectively.

GAI*N* 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 at the date of donation. The fair market value of the donated materials is based on market sources and inputs using an exit price notion. Gifts received are reported in the statements of activities as unrestricted gift-in-kind contributions, unless restricted by the donor for a specific purpose. 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.

GAI*N* has agreed with CCC to have individuals work as seconded employees of GAI*N*. GAI*N* directs these individuals as to their job descriptions; however, the salaries and related benefits of these individuals are paid by CCC. The value of these services received by GAI*N* is recognized as contributed services revenue and expenses in the statements of activities (see Note 8).

Other income is recorded when earned.

**FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing program services and supporting activities of GAI*N* 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.

**UNCERTAIN TAX POSITIONS**

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statements of activities. As of August 31, 2011, GAI*N* had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

**RECLASSIFICATIONS**

Certain prior year amounts have been reclassified in order to conform to current year presentation.

**GAIN INTERNATIONAL**  
**d/b/a GAIN USA**

**Notes to Financial Statements**

August 31, 2011 and 2010

3. CAPITAL ASSETS–NET:

Capital assets–net consists of:

	August 31,	
	2011	2010
Land	\$ 225,000	\$ 225,000
Building and improvements	1,609,946	1,609,946
Furniture and equipment	102,848	102,848
	1,937,794	1,937,794
Accumulated depreciation	(372,031)	(305,540)
	\$ 1,565,763	\$ 1,632,254

4. INVENTORY:

Inventory consists of:

	August 31,	
	2011	2010
Clothing	\$ 2,264,559	\$ 2,006,296
Seeds	1,951,964	3,112,811
Healthcare items	620,655	455,990
Shoes	377,983	902,484
Food items	183,986	98,597
Blankets	127,434	69,024
Toys	92,143	155,689
Care packs	90,329	112,486
Other	317,872	241,260
	\$ 6,026,925	\$ 7,154,637

**GAIN INTERNATIONAL**  
**d/b/a GAIN USA**

**Notes to Financial Statements**

August 31, 2011 and 2010

5. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets are available for:

	August 31,	
	2011	2010
Water initiatives	\$ 295,529	\$ 226,955
Boxes of blessing fund	114,304	87,595
Scholarships	45,554	65,691
Sudan aid fund	22,937	22,863
Community care	21,040	21,004
Uganda aid	14,939	14,544
Disaster relief efforts	5,099	129,219
Meal program	-	83,810
Shipping	-	13,214
Other projects	77,339	12,213
	\$ 596,741	\$ 677,108

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, 2011 and 2010, was \$126,493 and \$125,599, respectively. Future minimum lease payments for operating leases are:

<u>Year Ending August 31,</u>	
2012	\$ 137,884
2013	137,884
2014	132,320
2015	19,272
	\$ 427,360

7. COMMITMENT:

GAiN has a commitment with a fund raising consultant. Under the agreement, GAiN was required to pay the consultant \$8,000 for the first month and then \$9,000 each subsequent month of the fiscal year ended August 31, 2011. GAiN has recognized \$107,000 and \$96,000 of expense under this agreement for each of the years ended August 31, 2011 and 2010. The agreement was cancelled effective September 1, 2011.

**GAI*N* INTERNATIONAL**  
**d/b/a GAI*N* USA**

**Notes to Financial Statements**

August 31, 2011 and 2010

8. RELATED PARTY TRANSACTIONS:

During the years ended August 31, 2011 and 2010, GAI*N* participated in related party transactions with CCC and its related ministries. GAI*N* made payments of \$1,731,797 and \$2,010,249, respectively, to CCC to cover expenses which CCC paid on behalf of GAI*N*. GAI*N* also made contributions to ministries of CCC totaling \$96,942 and \$420,707, respectively. GAI*N* received contributions of \$761,735 and \$1,667,395, respectively, from CCC. These contributions were raised and received by CCC but designated for GAI*N* projects. As of August 31, 2011 and 2010, GAI*N* owed CCC \$886,324 and \$878,896, respectively. Also, CCC has seconded several employees to GAI*N*. The value of these services received by GAI*N*, recognized as contributed services revenue and expense in the statements of activities, was \$1,549,733 and \$1,430,170 for the years ended August 31, 2011 and 2010, respectively.

9. OPERATING DEFICIT:

As of August 31, 2011 and 2010, GAI*N* had accumulated a deficit in operating net assets of \$1,338,911 and \$876,533, respectively. This deficit is primarily the result of accumulated unrestricted losses and GAI*N*'s investment in inventory. Management has developed a plan to reduce this operating deficit and continues to evaluate and implement further changes for all programs including expanding their fundraising efforts.

10. SUBSEQUENT EVENTS:

Subsequent to August 31, 2011, GAI*N* received a donation of \$540,000 from one donor. All other subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

## **SUPPLEMENTARY SCHEDULES**

**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTARY SCHEDULES**

Board of Directors  
GAiN International, d/b/a GAiN USA  
Plano, Texas

We have audited the financial statements of Global Aid Network as of and for the years ended August 31, 2011 and 2010, and have issued our report thereon dated November 3, 2011, which contained an unqualified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole

*Capin Crouse LLP*

Dallas, Texas  
November 3, 2011

**GAIN INTERNATIONAL**  
**d/b/a GAIN USA**

**Schedules of Functional Expenses**

	Year Ended August 31, 2011			
	Program services	Supporting Activities		Total
		Management and general	Fund- raising	
Aid and assistance	\$ 30,972,427	\$ -	\$ -	\$ 30,972,427
Contributed services	1,239,786	201,465	108,482	1,549,733
Shipping and postage	1,229,050	3,181	219	1,232,450
Salaries and benefits	763,529	124,073	66,809	954,411
Travel	681,811	68,439	25,569	775,819
Professional fundraising	-	-	670,186	670,186
Scrap gift-in-kind	574,849	-	-	574,849
Other operating expenses	101,536	117,094	5,292	223,922
Occupancy	176,623	28,701	15,455	220,779
Office expenses	82,764	13,449	7,242	103,455
Technology	69,499	11,294	6,081	86,874
Depreciation expense	53,193	8,644	4,654	66,491
	<u>\$ 35,945,067</u>	<u>\$ 576,340</u>	<u>\$ 909,989</u>	<u>\$ 37,431,396</u>
	Year Ended August 31, 2010			
	Program services	Supporting Activities		Total
		Management and general	Fund- raising	
Aid and assistance	\$ 27,050,620	\$ -	\$ -	\$ 27,050,620
Contributed services	1,129,834	200,224	100,112	1,430,170
Shipping and postage	1,399,317	1,934	967	1,402,218
Salaries and benefits	755,298	133,850	66,925	956,073
Travel	868,975	35,491	63,259	967,725
Professional fundraising	2,057	12,342	720,874	735,273
Scrap gift-in-kind	114,599	-	-	114,599
Other operating expenses	103,277	112,151	24,706	240,134
Occupancy	192,685	34,147	17,073	243,905
Office expenses	164,334	29,123	14,561	208,018
Technology	120,168	21,296	10,648	152,112
Depreciation expense	60,735	10,763	5,382	76,880
	<u>\$ 31,961,899</u>	<u>\$ 591,321</u>	<u>\$ 1,024,507</u>	<u>\$ 33,577,727</u>