

2007

Consolidated Financial Statements
and Supplemental Schedule
for Samaritan's Purse



Consolidated Statement of Financial Position

December 31, 2007 (with comparative totals for 2006)

2007 Independent Auditors' Report

To the Board of Directors, Samaritan's Purse

We have audited the accompanying consolidated statement of financial position of Samaritan's Purse as of December 31, 2007, and the related statements of activities and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2006 consolidated financial statements and, in our report dated March 6, 2007, we expressed an unqualified opinion on those consolidated financial statements.

We conducted our audit 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 consolidated 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 consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Samaritan's Purse as of December 31, 2007, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplemental schedule, Schedule of Functional Expenses, is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

March 7, 2008



Dixon Hughes PLLC

	2007	2006
Assets		
Cash and cash equivalents:		
Available for current ministries	\$ 27,457,621	\$ 19,446,686
Designated by governing board	2,413,968	2,219,328
Held for donor-restricted ministry purposes	53,602,322	68,550,194
Investments:		
Available for current ministries	30,543,790	28,672,743
Planned giving program	19,802,438	17,845,240
Grants receivable	775,988	843,860
Assets held by field operations	4,857,643	5,913,729
Other assets	3,231,265	2,734,881
Inventory – ministry equipment and supplies	4,846,398	4,402,730
Property and equipment owned by us and used in our present ministries, at cost less accumulated depreciation	44,432,289	41,538,014
Total assets	\$ 191,963,722	\$ 192,167,405
Liabilities and Net Assets		
Liabilities:		
Accounts payable – suppliers	\$ 8,849,631	\$ 7,284,289
Accrued expenses	1,100,362	976,111
Notes payable	36,214	204,321
Planned giving program obligations	14,987,027	14,203,541
Total liabilities	24,973,234	22,668,262
Net assets:		
Unrestricted:		
Designated by governing board	2,413,968	2,219,328
Represented by property and equipment	44,432,289	41,388,014
General	61,375,110	52,606,605
Total unrestricted	108,221,367	96,213,947
Temporarily restricted	58,769,121	73,285,196
Total net assets	166,990,488	169,499,143
Total liabilities and net assets	\$ 191,963,722	\$ 192,167,405

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Activities

For the Year Ended December 31, 2007 (with comparative totals for 2006)

	2007			2006
	Unrestricted	Temporarily Restricted	Total	Total
Support and revenue:				
Contributions	\$ 59,580,901	\$ 76,053,118	\$ 135,634,019	\$ 135,767,633
Contributed goods and services	7,259,790	135,691,289	142,951,079	139,882,182
Investment income	5,227,518	—	5,227,518	4,770,310
Change in value of annuities and trusts	350,207	(11,871)	338,336	(113,650)
Other income	1,687,426	2,087	1,689,513	1,184,634
Total support and revenue	<u>74,105,842</u>	<u>211,734,623</u>	<u>285,840,465</u>	<u>281,491,109</u>
Reclassifications:				
Assessment against restricted contributions	5,472,329	(5,472,329)	—	—
Satisfaction of program and property restrictions	220,778,369	(220,778,369)	—	—
Total reclassifications	<u>226,250,698</u>	<u>(226,250,698)</u>	<u>—</u>	<u>—</u>
Expenses:				
Ministry expenses:				
Emergency relief	20,513,578	—	20,513,578	24,802,770
Community development	22,030,415	—	22,030,415	18,838,750
Medical assistance	15,279,227	—	15,279,227	16,337,994
Children's ministry-Operation Christmas Child	152,603,154	—	152,603,154	147,332,460
Children's ministry-other	3,855,064	—	3,855,064	5,494,911
Missions, missionary and personnel assistance	358,616	—	358,616	504,720
Christian education	23,958,855	—	23,958,855	21,142,650
International HIV/AIDS ministry	4,705,265	—	4,705,265	3,621,210
Miscellaneous projects	1,796,869	—	1,796,869	1,534,385
Related organizations	216,933	—	216,933	442,670
Other ministry services	11,231,208	—	11,231,208	11,555,596
Total ministry expenses	<u>256,549,184</u>	<u>—</u>	<u>256,549,184</u>	<u>251,608,116</u>
Supporting activities:				
Fund raising	18,042,869	—	18,042,869	15,107,173
General and administrative	13,757,067	—	13,757,067	12,216,131
Total expenses	<u>288,349,120</u>	<u>—</u>	<u>288,349,120</u>	<u>278,931,420</u>
Change in net assets	12,007,420	(14,516,075)	(2,508,655)	2,559,689
Net assets at beginning of year	<u>96,213,947</u>	<u>73,285,196</u>	<u>169,499,143</u>	<u>166,939,454</u>
Net assets at end of year	<u>\$ 108,221,367</u>	<u>\$ 58,769,121</u>	<u>\$ 166,990,488</u>	<u>\$ 169,499,143</u>

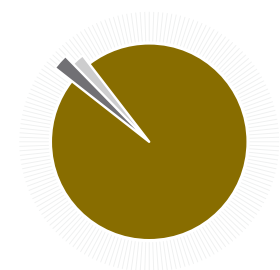
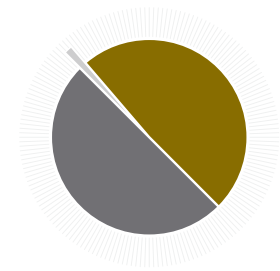
The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2007 (with comparative totals for 2006)

	2007	2006
Cash flows from operating activities:		
Change in net assets	\$ (2,508,655)	\$ 2,559,689
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,161,443	5,002,220
(Gain)/loss on disposition of property	(257,409)	182,796
Donation of aircraft to mission agency	—	1,083,461
Gain on sale of mutual funds investments	(440,309)	(477,153)
Property and equipment contributions received	(45,055)	(1,088,000)
Fair value adjustment on property contribution received	535,000	—
Contributions of other assets received and held for sale	(121,049)	(768,306)
Adjustment of annuity obligations	1,032,987	1,438,016
Unrealized gain on investments	(799,608)	(555,860)
Increase in cash surrender value of life insurance	(21,904)	(31,371)
Net change in:		
Grants receivable	67,872	1,052,620
Assets held by field operations	1,056,086	(1,950,313)
Other assets	(366,653)	681,329
Inventory	(443,668)	2,769,240
Accounts payable-suppliers	1,565,342	58,245
Accrued expenses	124,251	345,289
Net cash provided by operating activities	<u>4,538,671</u>	<u>10,301,902</u>
Cash flows from investing activities:		
Proceeds from sale of property and equipment	847,264	4,137,933
Proceeds from sale of investments	22,295,762	28,835,304
Purchase of investments	(23,594,689)	(48,501,013)
Increase in planned giving program assets	(1,289,401)	(807,506)
Collections on note receivable	13,222	12,454
Capital expenditures	(9,135,518)	(8,757,666)
Net cash used by investing activities	<u>(10,863,360)</u>	<u>(25,080,494)</u>
Cash flows from financing activities:		
Payment of notes payable	(168,107)	(168,107)
Proceeds from planned giving program contracts	1,076,115	1,801,503
Payments of planned giving program obligations	(1,325,616)	(1,662,269)
Net cash used by financing activities	<u>(417,608)</u>	<u>(28,873)</u>
Net decrease in cash and cash equivalents	(6,742,297)	(14,807,465)
Cash and cash equivalents – beginning of year	<u>90,216,208</u>	<u>105,023,673</u>
Cash and cash equivalents – end of year	<u>\$ 83,473,911</u>	<u>\$ 90,216,208</u>

The accompanying notes are an integral part of these consolidated financial statements.



Notes to Consolidated Financial Statements

December 31, 2007 (with comparative totals for 2006)

1 Description of Organization and Summary of Significant Accounting Policies

ORGANIZATION Samaritan's Purse is incorporated as a nonprofit organization under the laws of North Carolina and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Samaritan's Purse is a nondenominational evangelical Christian organization providing spiritual and physical aid to hurting people around the world. Since 1970, Samaritan's Purse has helped meet needs of people who are victims of war, poverty, natural disasters, disease, and famine with the purpose of sharing God's love through His Son, Jesus Christ. The Organization serves the church worldwide to promote the Gospel of the Lord Jesus Christ.

BASIS OF PRESENTATION Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

PRINCIPLES OF CONSOLIDATION The consolidated financial statements include the accounts of Samaritan's Purse and its interrelated organizations, Samaritan's Purse (Kenya) and Samaritan's Purse (Sri Lanka). The accounts of Emmanuel Group, a wholly owned title holding corporation formed in 2004 under Section 501(c)(2) of the Internal Revenue Code, are also included in the consolidated financial statements. Emmanuel Group has no operations or activities other than holding title. All interorganization transactions and account balances are eliminated upon consolidation.

USE OF ESTIMATES The preparation of 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less when purchased. The Board approved an investment policy for the operating fund that maintains adequate cash flow with preservation of principal and liquidity as the primary investment objective with maximization of earnings as a secondary objective.

INVESTMENTS Investments in equity securities with readily determinable fair values and all debt securities are measured at fair value based upon quoted market prices. Other investments are reported at the lower of cost or fair value. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the change in unrestricted net assets.

Investment income is recorded net of investment expenses. For the years ended December 31, 2007 and 2006, investment expenses were \$94,200 and \$86,365, respectively.

Realized gains or losses on investments are determined by comparison of specific cost of acquisition to proceeds at the time of disposal. Unrealized gains or losses are calculated by comparing cost to market values at the statement of financial position date.

PLANNED GIVING PROGRAM Samaritan's Purse has a fully funded program whereby donors may contribute through gift annuities and charitable remainder trusts. Assets equal to the present value of payment liabilities, plus an additional reserve, are held in segregated trust accounts by a bank or brokerage firm and are managed by professional investment advisors. The Organization complies with state laws regulating gift annuities and trusts.

The Organization records planned gift assets at their fair value. Liabilities are recorded at the present value of projected payments, usually for beneficiaries' lives using a 6% discount rate, the Annuity 2000 mortality table and other actuarial assumptions. Changes in value of annuities and trusts are recorded in the statement of activities. The charitable present value of annuities and trusts is recorded as contribution revenue at the time the agreement is executed. Values of trust agreements in which the Organization's remainder interest is revocable are recorded as a liability until that interest becomes irrevocable, at which time the contribution revenue is recorded.

The Organization is also named as a beneficiary in trusts and wills not managed by the Organization, the values of which are unknown and are not included in the consolidated statement of financial position.

ASSETS HELD BY FIELD OPERATIONS Assets held by field operations represent cash forwarded to project field sites for use in carrying out ministry activities.

OTHER ASSETS Other assets include items such as receivables, prepaid expenses, gifts of property held for liquidation, deposits, and cash surrender value of life insurance.

INVENTORY Inventory is stated at the lower of cost (first-in, first-out method) or market.

PROPERTY AND EQUIPMENT Land is stated at cost. All other property and equipment are stated at cost less accumulated depreciation. Depreciation over the following estimated useful lives of property and equipment is computed using the straight-line method:

Buildings	30 years
Furniture, fixtures, and equipment	4-10 years
Ministry and missionary aircraft	10 years

Ministry and missionary aircraft represents aircraft stationed throughout the world that are used by Samaritan's Purse and other organizations in their ministries.

DONATED PROPERTY Donated property is recorded at fair value at the date of donation.

NET ASSETS DESIGNATED BY GOVERNING BOARD The Board of Directors designates an amount equivalent to 10 percent of the cost basis of the Organization's buildings to replace and repair buildings owned by the Organization. The amounts designated as of December 31, 2007 and 2006 were \$2,413,968 and \$2,219,328, respectively.

CONTRIBUTED SERVICES A substantial number of volunteers have contributed services to assist Samaritan's Purse in its ministry. Services are determined based on hours of service donated at average fair value of comparable services and reported both as revenue and expense in the period performed. The value of contributed services recorded by Samaritan's Purse amounted to approximately \$7,700,000 and \$6,400,000 for the years ended December 31, 2007 and 2006, respectively. Additional volunteers donated services estimated to be valued at \$2,200,000 in 2007 and \$2,800,000 in 2006, which are not reflected in the financial statements since the services did not require specialized skills, in accordance with Financial Accounting Standards Board (FASB) Statement No. 116. Approximately \$1,200,000 of the 2007 amount and \$1,200,000 of the 2006 amount not reflected in the financial statements were related to the collection of shoe boxes for Operation Christmas Child. An estimated \$600,000 of the 2007 amount and \$1,300,000 of the 2006 amount not reflected in the financial statements were related to work of volunteers involved in Gulf Coast relief efforts.

CONTRIBUTED GOODS Samaritan's Purse receives donations of medical equipment, supplies and other materials for use in its ministry programs. Such gifts are recorded at their estimated fair value at the date of donation. Based upon the quantities donated, some gifts were valued using the estimated wholesale value of gifts received considering their condition and utility for use. Gifts of approximately \$135,200,000 and \$133,400,000 were received for the years ended December 31, 2007 and 2006, respectively. These donations include the receipt of individual shoe box gifts through the Operation Christmas Child project. This project collected approximately 4,500,000 and 4,600,000 shoe box gifts from individuals for the years ended December 31, 2007 and 2006, respectively. The estimated value per shoe box gift was \$27.95 for 2007 and \$26.63 for 2006. Contributed goods are recorded at estimated fair value and reported as revenue in the period received. They are held in inventory and expensed as used by the Organization.

Gifts-in-kind distributed through Samaritan's Purse amounted to approximately \$135,200,000 and \$135,100,000 for the years ended December 31, 2007 and 2006, respectively.

Samaritan's Purse only records the value of gifts-in-kind for which they were the original recipient of the gifts.

The Organization liquidates contributed securities upon receipt; therefore, the amounts are included on the consolidated statement of cash flows as operating activity.

FUNCTIONAL CLASSIFICATION OF EXPENSES

The Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*, requires reporting of expenses by their functional classification in major classes such as ministry, fund raising and general and administrative.

Ministry expenses consist of activities that result in food, medicine, clothing, shelter, other relief supplies and Operation Christmas Child shoe box gifts being distributed to beneficiaries and all Christian evangelical activities such as sharing the Gospel through the distribution of Bibles or literature, training pastors, Christian education, intercessory prayer, religious services, lifestyle evangelism, or other activities that fulfill the purpose or mission for which Samaritan's Purse exists.

These services are the major purpose for, and the major output of, Samaritan's Purse. Ministry expenses are in furtherance of our stated purpose as presented in our Articles of Incorporation, Bylaws, and representations to government authorities.

Fund raising expenses involve informing potential donors and facilitating contributions of money, securities, materials, facilities, other assets, or time. Fund raising activities include publicizing and conducting fund raising campaigns, maintaining donor mailing lists, conducting special fund raising events, preparing and distributing fund raising manuals and other materials, and conducting other activities involved with soliciting contributions from individuals, foundations, government agencies, and others.

General and administrative expenses are those that are not identifiable with a single ministry or fund raising activity, but are indispensable to the conduct of those activities and to the Organization's existence. They include oversight, business management, general record keeping, budgeting, and financing activities.

ALLOCATION OF JOINT COSTS In 2007, Samaritan's Purse conducted activities that included requests for contributions, as well as ministry and general and administrative components. Those activities included print communications, broadcasting, and ministry operations. The costs of conducting those activities included a total of \$45,806,589 and \$42,710,348 of joint costs for 2007 and 2006, respectively. These joint costs are not specifically attributable to particular components of the activities and were allocated as follows:

	2007	2006
Ministry	\$ 23,630,579	\$ 23,259,243
Fund raising	16,041,994	13,288,429
General and administrative	<u>6,134,016</u>	<u>6,162,676</u>
Total	<u>\$ 45,806,589</u>	<u>\$ 42,710,348</u>

ASSESSMENT The Board of Directors has established a policy that all donor-restricted contributions for a specific project may be assessed up to 10 percent to be used for administering the gift if needed.

UNRESTRICTED AND RESTRICTED SUPPORT AND REVENUE Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as satisfaction of program and property restrictions.

COMPARATIVE DATA Comparative data for the prior year has been presented in the accompanying financial statements to help provide an understanding of changes in the Organization's financial position and activities.

RECLASSIFICATIONS Certain reclassifications have been made to the 2006 amounts to conform to the 2007 consolidated financial statement presentation.

Notes Continued >

Notes Continued

2 Property and Equipment

A summary of property and equipment and related accumulated depreciation at December 31 follows:

	2007	2006
Equipment, furniture and fixtures	\$ 16,555,225	\$ 14,736,826
Ministry and missionary aircraft	30,133,319	27,609,016
Land	3,185,837	2,850,423
Buildings	22,966,248	22,551,342
Total	72,840,629	67,747,607
Less accumulated depreciation	29,939,836	26,209,593
	42,900,793	41,538,014
Construction in progress	1,531,496	—
Property and equipment, net	\$ 44,432,289	\$ 41,538,014

Samaritan's Purse places assets in various countries at any given time to be used for support of missions, medical assistance, and emergency relief. These assets are subject to the laws of the governments in the countries in which they reside. Aircraft, equipment, and other assets costing \$10,628,031 in 2007 and \$10,905,052 in 2006 have been placed in various foreign countries.

Samaritan's Purse has entered into contracts to purchase one and upgrade another ministry and missionary aircraft with an estimated total cost of \$1,300,000. Deposits totaling \$173,804 were made on these contracts during 2007. The deposits are included on the consolidated statement of financial position in other assets.

During 2007, Samaritan's Purse began construction of an office building. The estimated cost to complete the facility is \$12,500,000, with a total projected cost of \$14,000,000.

3 Investments

Investments are composed of the following:

	2007	2006
Cash	\$ 276,883	\$ 738,592
Money market	501,622	4,742,088
United States Treasury notes	1,986,322	1,464,866
Equities	13,824,148	5,258,489
Bonds	33,757,253	34,313,948
Total	\$ 50,346,228	\$ 46,517,983

Investment income (exclusive of annuities and trusts) consists of:

	2007	2006
Interest and dividends	\$ 4,655,398	\$ 4,475,798
Realized gains	222,738	16,217
Unrealized gains	349,382	278,295
Total	\$ 5,227,518	\$ 4,770,310

Management has computed the effect of other-than-temporary investment impairment and has deemed such impairment losses as immaterial to the financial statement presentation.

4 Notes Payable

Long-term debt at December 31, 2007 and 2006, consisted of the following:

	2007	2006
Note payable, due in annual installments of \$18,107, with no interest, maturing June 2009; unsecured.	\$ 36,214	\$ 54,321
Note payable, due in annual installments of \$200,000 year one and \$150,000 in subsequent years, with no interest, matured March 2007; secured by property.	—	150,000
Total	\$ 36,214	\$ 204,321

Annual maturities of notes payable for the next two years are as follows:

2008	\$ 18,107
2009	18,107
	\$ 36,214

5 Planned Giving Program

The assets and liabilities of the planned giving program are as follows:

	2007	2006
Assets:		
Gift annuities	\$ 13,930,876	\$ 12,052,809
Irrevocable trusts	1,212,067	1,231,210
Revocable trusts	4,659,495	4,561,221
Total	\$ 19,802,438	\$ 17,845,240
Liabilities:		
Gift annuities	\$ 9,435,867	\$ 8,743,382
Irrevocable trusts	891,665	898,938
Revocable trusts	4,659,495	4,561,221
Total	\$ 14,987,027	\$ 14,203,541

The change in value of annuities and trusts presented on the statement of activities consists of:

	2007	2006
Interest and dividends	\$ 807,777	\$ 712,275
Realized gains	217,571	460,936
Unrealized gains on investments	450,226	277,565
Actuarial adjustments	292,629	224,253
Administrative fees	(104,251)	(126,410)
Payments to income beneficiaries	(1,325,616)	(1,662,269)
Total	\$ 338,336	\$ (113,650)

6 Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes as of December 31:

	2007	2006
Africa projects	\$ 6,240,508	\$ 6,162,823
Agriculture projects	2,920,257	3,128,471
Asia projects	1,761,172	2,576,749
Bibles and Christian literature	327,929	380,385
Central and South America projects	656,574	421,564
Children's projects	20,198,272	18,601,350
Church construction projects	977,297	1,773,544
Clean water projects	744,501	338,677
Development projects	215,929	148,142
Eastern Europe relief	243,138	143,363
Emergency relief	3,448,126	4,609,237
Housing construction projects	396,726	1,001,448
India projects	80,989	72,906
Medical missionaries' expenses to foreign field	1,146,341	979,246
Medical projects	3,872,532	3,626,994
Middle East projects	1,648,931	1,331,591
Missionary aid	268,270	109,192
Russia projects	19,740	32,722
Tsunami relief	1,457,618	7,370,308
U.S.A. — disaster relief	1,092,586	2,395,172
U.S.A. — Gulf region hurricane relief	4,658,585	12,199,645
U.S.A. — nonemergency relief	183,198	128,921
Other	1,363,504	1,350,016
Inventory:		
Operation Christmas Child materials	1,471,973	1,734,022
Medical equipment and supplies	3,126,411	2,287,462
Other equipment and supplies	248,014	381,246
Total	\$ 58,769,121	\$ 73,285,196

Notes Continued >

Notes Continued

7 Related Party Transactions

The Chief Executive Officer, President, and Chairman of Samaritan's Purse serves as Chief Executive Officer, President, and Vice Chairman of Billy Graham Evangelistic Association. Billy Graham Evangelistic Association is controlled by an independent Board of Directors, though the two ministries share certain board members. To gain efficiencies over administrative services supporting their individual ministries, Billy Graham Evangelistic Association and Samaritan's Purse entered into a shared services agreement to provide a meaningful structure for regulating and overseeing the shared services and expenses. In accordance with the provisions of the agreement, Samaritan's Purse reimbursed the sum of \$926,571 in 2007 and \$956,697 in 2006 to Billy Graham Evangelistic Association and Billy Graham Evangelistic Association reimbursed the sum of \$1,047,676 in 2007 and \$951,239 in 2006 to Samaritan's Purse. Billy Graham Evangelistic Association received and forwarded contributions totaling \$177,816 in 2007 and \$216,687 in 2006 to Samaritan's Purse designated for support of their ministry activities. Samaritan's Purse received and forwarded contributions totaling \$78,979 in 2007 and \$289,429 in 2006 to Billy Graham Evangelistic Association for support of their ministry activities. Amounts receivable from Billy Graham Evangelistic Association at December 31, 2007 and 2006 were \$268,237 and \$382,396, respectively, and are included in other assets on the statement of financial position. Amounts payable to Billy Graham Evangelistic Association at December 31, 2007 and 2006 were \$131,272 and \$330,574, respectively, and are included in accounts payable-suppliers on the statement of financial position.

Samaritan's Purse has entered into agreements with Billy Graham Evangelistic Association on joint ministry projects to more effectively spread the Gospel. Samaritan's Purse provided cash grants totaling \$125,000 in 2007 and \$3,026,039 in 2006 and in-kind contributions valued at \$490,274 in 2007 and \$688,069 in 2006 to Billy Graham Evangelistic Association in support of various ministry projects. Billy Graham Evangelistic Association issued a cash grant of \$50,000 to Samaritan's Purse in 2007. In addition, Samaritan's Purse and Billy Graham Evangelistic Association began a multi-year joint ministry project in Southeast Asia. Samaritan's Purse incurred \$2,956,927 in 2007 and \$4,317,595 in 2006 in expenses related to the project, of which \$189,710 in 2007 and \$790,522 in 2006 was paid directly to Billy Graham Evangelistic Association to reimburse expenses incurred on behalf of Samaritan's Purse. In 2007, Samaritan's Purse and Billy Graham Evangelistic Association began a joint project in Sudan for which Samaritan's Purse incurred expenses of \$53,278. Following is 2007 un-audited summary financial information for Billy Graham Evangelistic Association: total assets — \$385,074,088; total liabilities — \$83,669,759; total net assets — \$301,404,329; total revenues — \$122,019,240; and total expenses — \$116,673,397.

Samaritan's Purse sold a building in 2006 for which a company chaired by a board member acted as agent. Upon sale of the building, the company received a sales commission equal to 2% of the sales price totaling \$84,000. The agreement with the company was reviewed and unanimously approved by disinterested members of the Samaritan's Purse Board of Directors.

In 2007, Samaritan's Purse purchased a condominium and furnishings for \$536,888 from a board member of Samaritan's Purse. The purchase was reviewed and unanimously approved by disinterested members of the Samaritan's Purse Board of Directors.

Samaritan's Purse maintains Affiliated Ministry and Trademark License Agreements with the following unconsolidated organizations: Samaritan's Purse-Australia, The Samaritan's Purse-Canada, Samaritan's Purse-Netherlands, Samaritan's Purse International-United Kingdom, Samaritan's Purse-Ireland, and Gifts of Hope-Germany. The Agreements outline how the affiliate organizations coordinate program activities and the terms and conditions of their use of the Organization's registered name and trademarks. Samaritan's Purse paid these affiliated organizations \$1,286,527 in 2007 and \$1,166,148 in 2006 for ministry employment cost reimbursement and support of various ministry projects. These affiliated organizations reimbursed Samaritan's Purse \$105,549 in 2007 and \$35,390 in 2006 for ministry support and materials. Amounts receivable from these affiliates at December 31, 2007 and 2006 were \$83,152 and \$56,046, respectively, and are included in other assets on the statement of financial position. Amounts payable to affiliates at December 31, 2007 and 2006 were \$82,038 and \$62,120, respectively, and are included in accounts payable-suppliers on the statement of financial position. Funds held by Samaritan's Purse as an agent of these affiliates at December 31, 2007 and 2006 were \$694,469 and \$656,367, respectively, and are included in accrued expenses on the statement of financial position.

Certain board members of Samaritan's Purse are also board members of Mafraq Sanatorium Association. Samaritan's Purse donated \$370,629 in 2007 and \$888,418 in 2006 to Mafraq Sanatorium Association, of which \$312,104 and \$269,418, respectively, was donor-restricted. Samaritan's Purse paid for some ministry and administrative expenditures which amounted to \$86,643 in 2007 and \$19,639 in 2006.

8 Retirement Plan

Samaritan's Purse has a defined contribution retirement and salary reduction plan that covers eligible employees as determined by the Plan agreement. Employer contributions are 5 percent of each participant's salary with a matching provision which provides a \$1 employer contribution to each \$1 employee contribution up to 3 percent of participant's salary. Retirement expense was \$1,392,166 in 2007 and \$1,283,812 in 2006. The assets of the Plan are held in an employee benefit trust and are not included in the accompanying financial statements.

In 2006, Samaritan's Purse terminated a non-qualified deferred compensation plan for its Chief Executive Officer. The deferred compensation benefits were earned and payable only upon meeting certain conditions. No amounts of compensation were deferred and no liability existed as of December 31, 2007 or 2006.

9 Concentrations of Credit Risk

Samaritan's Purse has deposits in various banks in excess of the amounts covered by federal depository insurance. These financial institutions have strong credit ratings and management believes that credit risk related to these deposits is minimal.

10 Self-Insurance Program

Samaritan's Purse maintains a self-insurance program for hospitalization and medical coverage for its employees. Samaritan's Purse limits its losses through the use of stop-loss policies from reinsurers. Specific individual losses for claims are limited to \$50,000 per year. The Organization's aggregate annual loss limitation is based on a formula that considers, among other things, the total number of employees. At December 31, 2007 and 2006, the estimated liability for these claims approximated \$308,000 and \$294,000 respectively, and is included in accrued expenses.

11 Fair Value of Financial Instruments

The carrying amount of cash and investment in savings approximates its fair value. The fair value of the Organization's investments is presented in Note 3 and is based on quoted market prices. The carrying values of accounts receivable, notes receivable, accounts payable, and accrued expenses approximate fair value due to the short-term nature of these instruments. The difference between the fair value and the carrying value of the notes payable is not significant. The planned giving liabilities are carried at the present value of future payments and approximate fair value.

Schedule of Functional Expenses

For the Year Ended December 31, 2007 (with comparative totals for 2006)

	2007				2006
	Ministry Expenses	Fund Raising	General and Administrative	Total	Total
Grants and allocations-cash	\$ 7,635,471	\$ —	\$ —	\$ 7,635,471	\$ 11,813,893
Grants and allocations-non cash	135,247,622	—	—	135,247,622	135,107,977
Direct project costs	44,859,657	—	—	44,859,657	41,096,701
Salaries and wages	22,995,631	4,427,850	6,208,249	33,631,730	29,458,271
Retirement	714,087	264,990	413,089	1,392,166	1,283,812
Other employee benefits	2,162,567	736,814	1,108,578	4,007,959	3,176,075
Payroll taxes	1,096,004	318,784	437,770	1,852,558	1,696,255
Accounting fees	—	—	174,041	174,041	94,415
Legal fees	800	—	77,738	78,538	35,814
Other professional fees	1,247,747	200,294	218,513	1,666,554	1,552,274
Supplies	2,526,375	149,833	676,883	3,353,091	2,880,894
Telephone	1,524,658	558,818	197,710	2,281,186	1,981,112
Postage and shipping	3,238,088	3,308,080	193,949	6,740,117	6,871,296
Rental expense	1,038,024	113,747	235	1,152,006	1,481,686
Printing and publications	3,593,152	4,457,823	566,058	8,617,033	9,891,863
Travel	11,997,370	787,127	970,977	13,755,474	11,571,289
Conferences, conventions, meetings	430,599	115,160	18,019	563,778	535,319
Depreciation	2,961,753	913,079	1,286,611	5,161,443	5,002,220
Utilities	803,069	64,512	93,326	960,907	905,477
Insurance	125,129	56,435	79,539	261,103	255,072
Dues and fees	27,906	2,350	21,997	52,253	58,074
Broadcast	664,115	925,080	—	1,589,195	1,495,020
Janitorial/grounds/equip. maint.	601,707	123,462	528,640	1,253,809	1,188,863
Bank charges	—	419,559	20,003	439,562	387,683
Continuing education	334,648	23,357	109,655	467,660	561,070
Contracted services	2,404,563	22,205	18,047	2,444,815	1,644,607
Contributed services	7,726,717	—	—	7,726,717	6,438,807
Miscellaneous	591,725	53,510	337,440	982,675	465,581
Total	\$ 256,549,184	\$ 18,042,869	\$ 13,757,067	\$ 288,349,120	\$ 278,931,420

See Independent Auditors' Report.



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