

2008
Consolidated Financial Statements
and Supplemental Schedule
for Samaritan's Purse

(with Independent Auditors' Report thereon)

2008 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 (the "Ministry") as of December 31, 2008, and the related statements of activities and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Ministry'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 Ministry's 2007 consolidated financial statements and, in our report dated March 7, 2008, 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 Ministry'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, 2008, 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.

As discussed in Note 5 to the consolidated financial statements, the Ministry adopted Statement of Financial Accounting Standards No. 157, *Fair Value Measurements*, for financial assets and liabilities measured at fair value, effective January 1, 2008.

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplemental schedule 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 12, 2009



Dixon Hughes PLLC

Consolidated Statement of Financial Position

December 31, 2008 (with comparative totals for 2007)

	2008	2007
Assets		
Current assets:		
Cash and cash equivalents:		
Available for ministries	\$ 11,793,623	\$ 27,457,621
Designated by governing board	3,378,566	2,413,968
Held for donor-restricted ministry purposes	50,973,143	53,602,322
Investments:		
Available for ministries	43,842,911	30,543,790
Planned giving program	5,708,899	5,902,470
Grants receivable	761,942	775,988
Assets held by field operations	4,497,856	4,857,643
Other current assets	3,605,780	2,827,952
Inventory – ministry equipment and supplies	11,298,826	4,846,398
Total current assets	<u>135,861,546</u>	<u>133,228,152</u>
Noncurrent assets:		
Investments:		
Planned giving program	12,820,863	13,899,968
Other noncurrent assets	595,183	403,313
Property and equipment owned by us and used in our present ministries, at cost less accumulated depreciation	<u>53,829,673</u>	<u>44,432,289</u>
Total noncurrent assets	<u>67,245,719</u>	<u>58,735,570</u>
Total assets	<u><u>\$ 203,107,265</u></u>	<u><u>\$ 191,963,722</u></u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable – suppliers	\$ 8,986,764	\$ 8,849,631
Accrued expenses	312,876	405,893
Funds held on behalf of affiliates	730,219	694,469
Current portion of note payable	18,107	18,107
Current portion of planned giving program obligations	5,708,899	5,902,470
Total current liabilities	<u>15,756,865</u>	<u>15,870,570</u>
Noncurrent Liabilities:		
Note payable	-	18,107
Planned giving program obligations	<u>10,072,866</u>	<u>9,084,557</u>
Total noncurrent liabilities	<u>10,072,866</u>	<u>9,102,664</u>
Total liabilities	<u>25,829,731</u>	<u>24,973,234</u>
Net assets:		
Unrestricted:		
Designated by governing board	3,378,566	2,413,968
Represented by property and equipment	53,829,673	44,432,289
General	57,571,912	61,375,110
Total unrestricted	<u>114,780,151</u>	<u>108,221,367</u>
Temporarily-restricted	<u>62,497,383</u>	<u>58,769,121</u>
Total net assets	<u>177,277,534</u>	<u>166,990,488</u>
Total liabilities and net assets	<u><u>\$ 203,107,265</u></u>	<u><u>\$ 191,963,722</u></u>

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

Consolidated Statement of Activities

For the Year Ended December 31, 2008 (with comparative totals for 2007)

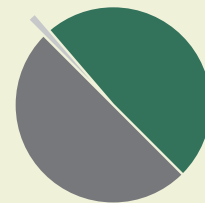
	2008			2007
	Unrestricted	Temporarily-Restricted	Total	Total
Support and revenue:				
Contributions	\$ 61,257,510	\$ 89,129,921	\$ 150,387,431	\$ 135,634,019
Contributed goods and services	8,343,061	150,947,009	159,290,070	142,951,079
Investment income	2,208,039	—	2,208,039	5,227,518
Change in value of annuities and trusts	(2,021,207)	(94,987)	(2,116,194)	338,336
Other income	3,479,037	7,798	3,486,835	1,689,513
Total support and revenue	73,266,440	239,989,741	313,256,181	285,840,465
Reclassifications:				
Assessment against restricted contributions	7,098,734	(7,098,734)	—	—
Satisfaction of program and property restrictions	229,162,745	(229,162,745)	—	—
Total reclassifications	236,261,479	(236,261,479)	—	—
Expenses:				
Ministry expenses:				
Emergency relief	17,237,341	—	17,237,341	20,513,578
Community development	18,965,549	—	18,965,549	22,030,415
Medical assistance	20,574,024	—	20,574,024	15,279,227
Children's ministry-Operation Christmas Child	161,464,918	—	161,464,918	152,603,154
Children's ministry-other	4,805,007	—	4,805,007	3,855,064
Missions, missionary and personnel assistance	475,621	—	475,621	358,616
Christian education	26,428,592	—	26,428,592	23,958,855
International HIV/AIDS ministry	5,071,030	—	5,071,030	4,705,265
Miscellaneous projects	1,216,326	—	1,216,326	1,796,869
Related organizations	91,134	—	91,134	216,933
Other ministry services	12,392,507	—	12,392,507	11,231,208
Total ministry expenses	268,722,049	—	268,722,049	256,549,184
Supporting activities:				
Fund raising	18,715,157	—	18,715,157	18,042,869
General and administrative	15,531,929	—	15,531,929	13,757,067
Total expenses	302,969,135	—	302,969,135	288,349,120
Change in net assets	6,558,784	3,728,262	10,287,046	(2,508,655)
Net assets at beginning of year	108,221,367	58,769,121	166,990,488	169,499,143
Net assets at end of year	\$ 114,780,151	\$ 62,497,383	\$ 177,277,534	\$ 166,990,488

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

Consolidated Statement of Cash Flows

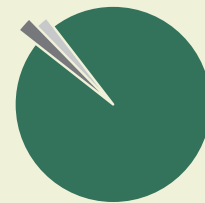
For the Year Ended December 31, 2008 (with comparative totals for 2007)

	2008	2007
Cash flows from operating activities:		
Change in net assets	\$ 10,287,046	\$ (2,508,655)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,851,190	5,161,443
Gain on disposition of property	(1,790,780)	(257,409)
(Gain) loss on sale of mutual funds investments	156,430	(440,309)
Property and equipment contributions received	(157,518)	(45,055)
Fair value adjustment on property contribution received	—	535,000
Contributions of other assets received and held for sale	(331,160)	(121,049)
Adjustment of annuity obligations	929,868	1,032,987
Impairment of assets held for sale	155,868	—
Unrealized (gain) loss on investments	2,187,906	(799,608)
(Increase) decrease in cash surrender value of life insurance	78,226	(21,904)
Net change in:		
Grants receivable	14,046	67,872
Assets held by field operations	359,787	1,056,086
Other assets	(601,670)	(366,653)
Inventory	(6,452,428)	(443,668)
Accounts payable-suppliers	137,133	1,565,342
Accrued expenses	(93,017)	86,149
Net cash provided by operating activities	<u>10,730,927</u>	<u>4,500,569</u>
Cash flows from investing activities:		
Proceeds from sale of property and equipment	2,063,063	847,264
Proceeds from sale of investments	27,991,194	22,295,762
Purchase of investments	(41,728,650)	(23,594,689)
Increase in planned giving program assets	(633,325)	(1,289,401)
Purchase of other assets	(285,000)	—
Collections on note receivable	14,038	13,222
Capital expenditures	(15,363,339)	(9,135,518)
Net cash used by investing activities	<u>(27,942,019)</u>	<u>(10,863,360)</u>
Cash flows from financing activities:		
Payment of notes payable	(18,107)	(168,107)
Increase in funds held on behalf of affiliates	35,750	38,102
Proceeds from planned giving program contracts	1,228,635	1,076,115
Payments of planned giving program obligations	(1,363,765)	(1,325,616)
Net cash used by financing activities	<u>(117,487)</u>	<u>(379,506)</u>
Net decrease in cash and cash equivalents	(17,328,579)	(6,742,297)
Cash and cash equivalents – beginning of year	<u>83,473,911</u>	<u>90,216,208</u>
Cash and cash equivalents – end of year	<u>\$ 66,145,332</u>	<u>\$ 83,473,911</u>



2008 Revenues

- 48 % Contributions
- 51 % Contributed Goods/Services
- 1 % Other



2008 Expenses

- 89 % Ministry
- 6 % Fund Raising
- 5 % General/Administrative

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

Notes to Consolidated Financial Statements

December 31, 2008 (with comparative totals for 2007)

1 Description of Organization and Summary of Significant Accounting Policies

ORGANIZATION – Samaritan's Purse (the "Ministry") is incorporated as a nonprofit organization under the laws of North Carolina. The Ministry is a nondenominational evangelical Christian organization providing spiritual and physical aid to hurting people around the world. Since 1970, the Ministry 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 Ministry 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 Ministry 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 the Ministry 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. 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, 2008 and 2007, investment expenses were \$71,690 and \$94,200, 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 – The Ministry 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 Ministry complies with state laws regulating gift annuities and trusts.

The Ministry 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 Ministry's remainder interest is revocable are recorded as a liability until that interest becomes irrevocable, at which time the contribution revenue is recorded.

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

FAIR VALUE MEASUREMENTS – SFAS No. 157, *Fair Value Measurements* (SFAS 157) was issued in 2006 and defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. SFAS 157 was effective for the Ministry's financial assets and liabilities for the year ended December 31, 2008. The Financial Accounting Standards Board (FASB) approved a one-year deferral of the adoption of SFAS 157 as it relates to non-financial assets and liabilities measured at fair value on a nonrecurring basis with the issuance in February 2008 of FASB Staff Position FAS 157-2, *Effective Date of FASB Statement No. 157*, as a result of which implementation by the Ministry is now required for the year ending December 31, 2009. The partial adoption of SFAS 157 in 2008 had no material impact on financial condition, change in net assets, or cash flows, but resulted in certain additional disclosures reflected in Note 5. The Ministry is in the process of evaluating SFAS 157 as it relates to non-financial assets and liabilities but does not believe it will have a material impact on the financial statements.

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.

During 2008 the Ministry contracted with a captive insurance company to obtain coverage for workers compensation, general liability, property, and automobile liability insurance. The Ministry owns a non-controlling share of the common stock of the captive insurance company and is accounting for this asset under the cost method of investment accounting. The cost of this asset in the amount of \$285,000 as of December 31, 2008 is included as other noncurrent assets in the consolidated statement of financial position.

INVENTORY – Inventory is stated at fair market value as of the date of the donation.

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 the Ministry 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 Ministry's buildings to replace and repair buildings owned by the Ministry. The amounts designated as of December 31, 2008 and 2007 were \$3,378,566 and \$2,413,968, respectively.

CONTRIBUTED SERVICES – A substantial number of volunteers have contributed services to assist the Ministry in its work. 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 the Ministry amounted to approximately \$8,200,000 and \$7,700,000 for the years ended December 31, 2008 and 2007, respectively. Additional volunteers donated services estimated to be valued at \$2,300,000 in 2008 and \$2,200,000 in 2007, which are not reflected in the financial statements as the services did not require specialized skills, as specified by FASB Statement No. 116. Approximately \$1,300,000 of the 2008 amount and \$1,200,000 of the 2007 amount not reflected in the financial statements were related to the collection of shoe boxes for Operation Christmas Child. An estimated \$85,000 of the 2008 amount and \$600,000 of the 2007 amount not reflected in the financial statements were related to work of volunteers involved in Gulf Coast relief efforts.

CONTRIBUTED GOODS – The Ministry receives donations of medical equipment, supplies and other materials for use in its 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 \$151,100,000 and \$135,200,000 were received for the years ended December 31, 2008 and 2007, respectively. These donations include the receipt of individual shoe box gifts through the Operation Christmas Child project. This project collected approximately 4,900,000 and 4,500,000 shoe box gifts from individuals for the years ended December 31, 2008 and 2007, respectively. The estimated value per shoe box gift was \$27.95 for 2008 and 2007. They are held in inventory and expensed as used by the Ministry.

Gifts-in-kind distributed through the Ministry amounted to approximately \$144,500,000 and \$135,200,000 for the years ended December 31, 2008 and 2007, respectively.

The Ministry only records the value of gifts-in-kind for which it was the original recipient of the gifts.

The Ministry liquidates contributed securities upon receipt. The amounts, therefore, are included on the consolidated statement of cash flows as an 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 the Ministry exists.

These services are the major purpose for, and the major output of, the Ministry. 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 Ministry's existence. They include oversight, business management, general record keeping, budgeting, and financing activities.

ALLOCATION OF JOINT COSTS – In 2008, the Ministry 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 \$51,454,566 and \$45,806,589 of joint costs for 2008 and 2007, respectively. These joint costs are not specifically attributable to particular components of the activities and were allocated as follows:

	2008	2007
Ministry	\$ 25,762,170	\$ 23,630,579
Fund raising	18,552,213	16,041,994
General and administrative	<u>7,140,183</u>	<u>6,134,016</u>
Total	<u>\$ 51,454,566</u>	<u>\$ 45,806,589</u>

INCOME TAXES – The Ministry is exempt from federal income taxes, and contributions to the Ministry are deductible as charitable contributions under Internal Revenue Code Section 170. The Internal Revenue Service has issued a determination letter to the Ministry stating that it qualifies for tax-exempt status under Internal Revenue Code Section 501(c)(3). The Internal Revenue Service has also issued a ruling stating that the Ministry

Notes Continued

will not be treated as a private foundation within the meaning of Internal Revenue Code Sections 509(a)(1), 509(a)(2), and 509(a)(3).

The Ministry has adopted Financial Accounting Standards Board Interpretation (FIN) No. 48, *Accounting for Uncertainty in Income Taxes* as of January 1, 2008. The Ministry's policy is to record a liability for any tax position taken that is beneficial to the Ministry, including any related interest and penalties, when it is more likely than not the position taken by management with respect to a transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of December 31, 2008 and, accordingly, no liability has been accrued.

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 or temporarily-restricted depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily-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.

The Ministry has no permanently-restricted net assets.

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 Ministry's financial position and activities.

RECLASSIFICATIONS – Certain reclassifications have been made to the 2007 amounts to conform to the 2008 consolidated financial statement presentation.

2 Property and Equipment

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

	2008	2007
Equipment, furniture and fixtures	\$ 19,015,484	\$ 16,555,225
Ministry and missionary aircraft	31,199,918	30,133,319
Land	3,203,188	3,185,837
Buildings	<u>24,017,137</u>	<u>22,966,248</u>
Total	77,435,727	72,840,629
Less accumulated depreciation	<u>33,732,635</u>	<u>29,939,836</u>
	43,703,092	42,900,793
Construction in progress	<u>10,126,581</u>	1,531,496
Property and equipment, net	<u>\$ 53,829,673</u>	<u>\$ 44,432,289</u>

The Ministry 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 \$8,399,997 in 2008 and \$10,628,031 in 2007 have been placed in various foreign countries.

The Ministry has entered into a contract to purchase a ministry and missionary aircraft with an estimated total cost of \$1,340,000. Deposits of \$112,424 were made on this contract in a prior year. The deposits are included on the consolidated statement of financial position in other assets.

During 2007, the Ministry began construction of an office building. The estimated cost to complete the facility is \$3,900,000, with a total projected cost of \$14,000,000.

3 Investments

Investments are composed of the following:

	2008	2007
Cash	\$ 273,138	\$ 276,883
Money market	1,566,853	501,622
United States Treasury notes	13,083,871	1,986,322
Equities	7,911,192	13,824,148
Bonds	<u>39,537,619</u>	<u>33,757,253</u>
Total	<u>\$ 62,372,673</u>	<u>\$ 50,346,228</u>

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

	2008	2007
Interest and dividends	\$ 2,646,374	\$ 4,655,398
Realized gains (losses)	(27,307)	222,738
Unrealized gains (losses)	<u>(411,028)</u>	<u>349,382</u>
Total	<u>\$ 2,208,039</u>	<u>\$ 5,227,518</u>

4 Planned Giving Program

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

	2008	2007
Assets:		
Gift annuities	\$ 13,310,845	\$ 13,930,876
Irrevocable trusts	872,963	1,212,067
Revocable trusts	<u>4,345,954</u>	<u>4,659,495</u>
Total	<u>\$ 18,529,762</u>	<u>\$ 19,802,438</u>
Liabilities:		
Gift annuities	\$ 10,788,263	\$ 9,435,867
Irrevocable trusts	647,548	891,665
Revocable trusts	<u>4,345,954</u>	<u>4,659,495</u>
Total	<u>\$ 15,781,765</u>	<u>\$ 14,987,027</u>

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

	2008	2007
Interest and dividends	\$ 844,637	\$ 807,777
Realized gains (losses)	(129,123)	217,571
Unrealized gains (losses) on investments	(1,776,878)	450,226
Actuarial adjustments	433,897	292,629
Administrative fees	(124,962)	(104,251)
Payments to income beneficiaries	<u>(1,363,765)</u>	<u>(1,325,616)</u>
Total	<u>\$ (2,116,194)</u>	<u>\$ 338,336</u>

5 Fair Value Measurements of Assets and Liabilities

Effective January 1, 2008, the Ministry adopted the provisions of FASB Statement No. 157, *Fair Value Measurements*, for financial assets and liabilities measured at fair value. This statement requires fair value measurements be classified and disclosed in one of the following three categories ("Fair Value Hierarchy"):

Level 1: Financial instruments with unadjusted, quoted prices listed on active market exchanges.

Level 2: Financial instruments valued using inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3: Financial instruments that are not actively traded on a market exchange and require using significant unobservable inputs in determining fair value.

The following table summarizes the valuation of the Ministry's financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2008, based on the level of input utilized to measure fair value:

Measured at Fair Value on a Recurring Basis

Description	Fair Value Measurements at December 31, 2008		
	Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Using Significant Other Observable Inputs (Level 2)	Using Significant Unobservable Inputs (Level 3)
Investments:			
Trading securities:			
Cash	\$ 176,405	\$ —	\$ —
Money market United States	53,947	—	—
Treasury notes	13,083,871	—	—
Equities	4,838,888	—	—
Bonds	25,689,800	—	—
Planned giving assets:			
Cash	96,733	—	—
Money market	1,512,906	—	—
Equities	3,072,304	—	—
Bonds	13,847,819	—	—
Donated equity securities and other financial instruments included in other assets	<u>12,073</u>	<u>—</u>	<u>54,027</u>
Total investments- recurring basis	<u>\$ 62,384,746</u>	<u>\$ —</u>	<u>\$ 54,027</u>
Gift annuity liabilities	\$ —	\$ 10,788,263	\$ —
Irrevocable trust liabilities	—	647,548	—
Revocable trust liabilities	<u>—</u>	<u>4,345,954</u>	<u>—</u>
Total liabilities- recurring basis	<u>\$ —</u>	<u>\$ 15,781,765</u>	<u>\$ —</u>

Notes Continued >

Notes Continued

The carrying amount of cash and cash equivalents approximates its fair value. The carrying values of grants receivable, accounts payable-suppliers, accrued expenses, and note payable approximate fair value due to the short-term nature of these instruments.

6 Temporarily-Restricted Net Assets

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

	2008	2007
Africa projects	\$ 5,962,499	\$ 6,240,508
Agriculture projects	2,694,085	2,920,257
Asia projects	3,643,652	1,842,161
Bibles and Christian literature	160,480	327,929
Central and South America projects	200,238	656,574
Children's projects –		
Operation Christmas Child	15,763,664	16,065,128
Children's projects – other	3,232,443	4,133,144
Church construction projects	342,869	977,297
Clean water projects	1,252,259	744,501
Development projects	493,573	503,924
Eastern Europe relief	207,795	262,878
Emergency relief	2,503,022	2,212,011
Housing construction projects	214,675	396,726
Medical missionaries' expenses for foreign field	1,427,794	1,146,341
Medical projects	4,896,118	4,287,883
Middle East projects	659,522	2,885,047
Missionary aid	416,836	524,792
Tsunami relief	201,579	1,457,618
U.S.A. – disaster relief	2,358,528	1,092,586
U.S.A. – Gulf region		
hurricane relief	3,845,645	4,658,585
U.S.A. – nonemergency relief	92,137	183,198
Other	629,144	403,635
Inventory:		
Operation Christmas Child materials	5,796,253	1,471,973
Medical equipment and supplies	3,529,861	3,126,411
Other equipment and supplies	1,972,712	248,014
Total	<u>\$ 62,497,383</u>	<u>\$ 58,769,121</u>

7 Related-Party Transactions

The Chief Executive Officer, President, and Chairman of the Ministry 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 the Ministry 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, the Ministry reimbursed the sum of

\$809,148 in 2008 and \$926,571 in 2007 to Billy Graham Evangelistic Association and Billy Graham Evangelistic Association reimbursed the sum of \$1,368,859 in 2008 and \$1,047,676 in 2007 to the Ministry. Billy Graham Evangelistic Association received and forwarded contributions totaling \$141,300 in 2008 and \$177,816 in 2007 to the Ministry designated for support of their ministry activities. The Ministry received and forwarded contributions totaling \$172,651 in 2008 and \$78,979 in 2007 to Billy Graham Evangelistic Association for support of their ministry activities. Amounts receivable from Billy Graham Evangelistic Association at December 31, 2008 and 2007 were \$517,063 and \$268,237, respectively, and are included in other current assets on the statement of financial position. Amounts payable to Billy Graham Evangelistic Association at December 31, 2008 and 2007 were \$75,458 and \$131,272, respectively, and are included in accounts payable-suppliers on the statement of financial position.

The Ministry has entered into agreements with Billy Graham Evangelistic Association on joint ministry projects to more effectively spread the Gospel. The Ministry provided cash grants totaling \$125,000 in 2007 and in-kind contributions valued at \$300,255 in 2008 and \$490,274 in 2007 to Billy Graham Evangelistic Association in support of various projects. Billy Graham Evangelistic Association issued cash grants to the Ministry of \$215,014 in 2008 and \$50,000 in 2007. In addition, the Ministry and Billy Graham Evangelistic Association are participating in a multi-year joint ministry project in Southeast Asia. The Ministry incurred \$595,433 in 2008 and \$2,956,927 in 2007 in expenses related to the project, of which \$84,972 in 2008 and \$189,710 in 2007 was paid directly to Billy Graham Evangelistic Association to reimburse expenses incurred on behalf of the Ministry. The Ministry and Billy Graham Evangelistic Association participated in a joint project in Africa for which the Ministry incurred expenses of \$218,196 in 2008 and \$53,278 in 2007. Following is 2008 un-audited summary financial information for Billy Graham Evangelistic Association: total assets - \$328,292,941; total liabilities - \$81,768,681; total net assets - \$246,524,260; total operating revenues - \$107,446,028; and total operating expenses - \$111,851,736; and total non-operating losses - \$50,474,361.

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

The Ministry 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 Ministry's registered name and trademarks. The Ministry paid these affiliated organizations \$960,164 in 2008 and \$1,286,527 in 2007 for employment cost reimbursement and support of various projects. These affiliated organizations reimbursed the Ministry \$100,236 in 2008 and \$105,549 in 2007 for ministry support and materials. Amounts receivable from these affiliates at December 31, 2008 and 2007 were \$123,226 and \$83,152, respectively, and are included in other current assets on the statement of

financial position. Amounts payable to affiliates at December 31, 2008 and 2007 were \$70,253 and \$82,038, respectively, and are included in accounts payable-suppliers on the statement of financial position. Funds held by the Ministry as an agent of these affiliates at December 31, 2008 and 2007 were \$730,219 and \$694,469, respectively, and are included in funds held on behalf of affiliates on the statement of financial position.

Certain board members of the Ministry are also board members of Mafraq Sanatorium Association. The Ministry donated \$278,396 in 2008 and \$370,629 in 2007 to Mafraq Sanatorium Association, of which \$185,396 and \$312,104, respectively, was donor-restricted. The Ministry paid for some ministry and administrative expenditures which amounted to \$114,141 in 2008 and \$86,643 in 2007.

8 Retirement Plan

The Ministry has a defined contribution retirement and salary reduction plan that covers eligible employees as determined by the Plan agreement. Employer contributions are five percent of each participant's salary with a matching provision which provides a \$1 employer contribution to each \$1 employee contribution up to three percent of each participant's salary. Retirement expense was \$1,616,797 in 2008 and \$1,392,166 in 2007. The assets of the Plan are held in an employee benefit trust and are not included in the accompanying financial statements.

9 Concentrations of Credit Risk

The Ministry has deposits in various banks in excess of the amounts covered by federal depository insurance. Management believes that credit risk related to these deposits is minimal.

10 Self-Insurance Program

The Ministry maintains a self-insurance program for hospitalization and medical coverage for its employees. The Ministry 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 Ministry's aggregate annual loss limitation is based on a formula that considers, among other things, the total number of employees. At December 31, 2008 and 2007, the estimated liability for these claims approximated \$232,000 and \$308,000 respectively, and is included in accrued expenses.

Schedule of Functional Expenses Information

For the Year Ended December 31, 2008 (with comparative totals for 2007)

	2008				2007
	Ministry expenses	Fund raising	General and administrative	Total	Total
Grants and allocations-cash	\$ 9,228,361	\$ —	\$ —	\$ 9,228,361	\$ 7,635,471
Grants and allocations-non cash	144,494,581	—	—	144,494,581	135,247,622
Direct project costs	37,124,684	—	—	37,124,684	44,859,657
Salaries and wages	26,545,213	4,681,598	6,984,499	38,211,310	33,631,730
Retirement	852,825	283,094	480,878	1,616,797	1,392,166
Other employee benefits	2,888,009	789,391	1,283,315	4,960,715	4,007,959
Payroll taxes	1,400,557	333,256	486,101	2,219,914	1,852,558
Accounting fees	—	—	210,021	210,021	174,041
Legal fees	—	—	73,057	73,057	78,538
Other professional fees	1,273,012	261,569	363,899	1,898,480	1,666,554
Supplies	3,173,197	168,904	771,047	4,113,148	3,353,091
Telephone	1,616,880	380,603	331,352	2,328,835	2,281,186
Postage and shipping	3,052,478	3,230,393	158,287	6,441,158	6,740,117
Rental expense	1,237,621	128,914	530	1,367,065	1,152,006
Printing and publications	3,448,889	4,668,748	358,619	8,476,256	8,617,033
Travel	14,432,114	1,198,174	1,017,705	16,647,993	13,755,474
Conferences, conventions, meetings	701,994	120,534	11,043	833,571	563,778
Depreciation	3,392,931	927,645	1,530,614	5,851,190	5,161,443
Utilities	835,508	59,050	103,547	998,105	960,907
Insurance	104,225	42,384	69,933	216,542	261,103
Dues and fees	85,762	6,117	32,607	124,486	52,253
Broadcast	477,757	643,695	—	1,121,452	1,589,195
Janitorial/grounds/equip. maint.	662,453	160,502	766,201	1,589,156	1,253,809
Bank charges	—	501,877	14,111	515,988	439,562
Continuing education	402,903	19,273	125,146	547,322	467,660
Contracted services	2,681,573	60,979	80,824	2,823,376	2,444,815
Contributed services	8,162,734	—	—	8,162,734	7,726,717
Miscellaneous	445,788	48,457	278,593	772,838	982,675
Total	\$ 268,722,049	\$ 18,715,157	\$ 15,531,929	\$ 302,969,135	\$ 288,349,120