



Consolidated Financial Statements

For the Years Ended June 30, 2021 and 2020

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## **Independent Auditor's Report**

**To the Board of Trustees  
CRISTA Ministries  
World Concern Development Organization  
Shoreline, Washington**

We have audited the accompanying consolidated financial statements of World Concern (a ministry of CRISTA Ministries) and World Concern Development Organization (collectively, the "Organization") which comprise the consolidated balance sheets as of June 30, 2021 and 2020, and the related consolidated statements of changes in net assets without donor restrictions, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

## **Management's Responsibility for the Financial Statements**

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

## **Auditor's Responsibility**

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

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

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



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## **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2021 and 2020, and the results of its activities and changes in net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 23 - 25 is presented for purposes of additional analysis and is 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 audit 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 consolidated financial statements as a whole.

*Clark Nuber P.S.*

Certified Public Accountants  
November 26, 2021

**WORLD CONCERN (A MINISTRY OF CRISTA MINISTRIES)  
AND WORLD CONCERN DEVELOPMENT ORGANIZATION**  
**Consolidated Balance Sheets**  
**June 30, 2021 and 2020**  
**(In Thousands)**

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents (Note 2)	\$ 2,530	\$ 2,875
Grants receivable	517	481
Pledges receivable, net (Note 3)	52	358
Receivable from CRISTA Ministries	78	
Donated program supply inventory	186	
	<u>3,363</u>	<u>3,714</u>
<b>Total Current Assets</b>	<b>3,363</b>	<b>3,714</b>
Investments (Note 4)	7,030	6,822
Property and equipment used in current ministries, net (Note 5)	85	97
Development loans receivable, net (Note 6)	3,592	3,607
Overseas assets	169	196
	<u>14,239</u>	<u>14,436</u>
<b>Total Assets</b>	<b>\$ 14,239</b>	<b>\$ 14,436</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued expenses	\$ 2,872	\$ 3,026
Grant advances	1,205	2,043
Payable to CRISTA Ministries		333
	<u>4,077</u>	<u>5,402</u>
<b>Total Current Liabilities</b>	<b>4,077</b>	<b>5,402</b>
<b>Net Assets:</b>		
Without donor restrictions-		
General	1,387	1,051
Represented by property and equipment owned by the Organization	85	97
	<u>1,472</u>	<u>1,148</u>
Total net assets without donor restrictions	1,472	1,148
With donor restrictions-		
Term endowment	4,226	4,856
Restricted for program activities	4,464	3,030
	<u>8,690</u>	<u>7,886</u>
Total net assets with donor restrictions	8,690	7,886
	<u>10,162</u>	<u>9,034</u>
<b>Total Net Assets</b>	<b>10,162</b>	<b>9,034</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 14,239</b>	<b>\$ 14,436</b>

See accompanying notes.

**WORLD CONCERN (A MINISTRY OF CRISTA MINISTRIES)  
AND WORLD CONCERN DEVELOPMENT ORGANIZATION**  
**Consolidated Statements of Changes in Net Assets Without Donor Restrictions**  
**For the Years Ended June 30, 2021 and 2020**  
**(In Thousands)**

	<u>2021</u>	<u>2020</u>
<b>Operating Revenues, Gains and Losses:</b>		
Contributions	\$ 9,296	\$ 8,877
Contributions released from restriction	5,162	5,555
Government grants	1,299	371
Government grants, gifts-in-kind	34	
Gifts-in-kind (Note 7)	365	12,568
Income on development loans	971	744
Miscellaneous income	4	59
Foreign currency exchange losses	<u>(60)</u>	<u>(22)</u>
<b>Total Revenues, Gains and Losses From Operations</b>	<b>17,071</b>	<b>28,152</b>
<b>Expenses:</b>		
Program services-		
Program	10,410	10,968
Gifts-in-kind (Note 7)	178	12,419
Gifts-in-kind, Government (Note 7)	<u>34</u>	
Total program services	10,622	23,387
Supporting services-		
Fundraising and promotion:		
Fundraising and promotion	4,400	4,395
Gifts-in-kind (Note 7)	187	149
Management and general	<u>1,538</u>	<u>2,534</u>
Total supporting services	<u>6,125</u>	<u>7,078</u>
<b>Total Expenses</b>	<b>16,747</b>	<b>30,465</b>
<b>Change in Net Assets Without Donor Restrictions From Operations</b>	<b>324</b>	<b>(2,313)</b>
<b>Nonoperating Gain:</b>		
Forgiveness of amounts payable to CRISTA Ministries		<u>1,420</u>
<b>Total Nonoperating Gain</b>		<u><b>1,420</b></u>
<b>Change in Net Assets Without Donor Restrictions</b>	<u><b>\$ 324</b></u>	<u><b>\$ (893)</b></u>

See accompanying notes.

**WORLD CONCERN (A MINISTRY OF CRISTA MINISTRIES)  
AND WORLD CONCERN DEVELOPMENT ORGANIZATION**  
**Consolidated Statements of Changes in Net Assets**  
**For the Years Ended June 30, 2021 and 2020**  
**(In Thousands)**

	<u>2021</u>	<u>2020</u>
<b>Net Assets Without Donor Restrictions:</b>		
Total revenues, gains and losses without donor restrictions	\$ 11,909	\$ 24,017
Contributions released from restriction	5,162	5,555
Total expenses	<u>(16,747)</u>	<u>(30,465)</u>
<b>Change in Net Assets Without Donor Restrictions</b>	<b>324</b>	<b>(893)</b>
<b>Net Assets With Donor Restrictions:</b>		
Contributions	5,514	3,325
Contributions released from restriction	(5,162)	(5,555)
Income on investments	121	129
Net realized and unrealized gain on investments	<u>331</u>	<u>151</u>
Return on investment, net	452	280
<b>Change in Net Assets With Donor Restrictions</b>	<b>804</b>	<b>(1,950)</b>
<b>Total Change in Net Assets</b>	<b>1,128</b>	<b>(2,843)</b>
Net assets, beginning of year	<u>9,034</u>	<u>11,877</u>
<b>Net Assets, End of Year</b>	<b><u>\$ 10,162</u></b>	<b><u>\$ 9,034</u></b>

See accompanying notes.

**WORLD CONCERN (A MINISTRY OF CRISTA MINISTRIES)  
AND WORLD CONCERN DEVELOPMENT ORGANIZATION**  
**Consolidated Statement of Functional Expenses**  
**For the Year Ended June 30, 2021**  
**(In Thousands)**

	Relief and Development Services	Fundraising and Promotion	Management and General	Total
Salaries	\$ 5,108	\$ 1,969	\$ 732	\$ 7,809
Payroll taxes	86	171	3	260
Employee benefits	452	188	84	724
Professional services	82	902	196	1,180
Advertising and promotion		95	3	98
Office expenses	241	150	10	401
Information technology	42	142	61	245
Occupancy	489		38	527
Travel	814	6		820
Conferences and training	91	2	3	96
Depreciation	12	97	84	193
Insurance	18	8	150	176
Dues and fees	39	67	6	112
Purchased services		586		586
Other			137	137
Program supplies	3,148	204	31	3,383
<b>Total Expenses</b>	<b>\$ 10,622</b>	<b>\$ 4,587</b>	<b>\$ 1,538</b>	<b>\$ 16,747</b>

See accompanying notes.



**WORLD CONCERN (A MINISTRY OF CRISTA MINISTRIES)  
AND WORLD CONCERN DEVELOPMENT ORGANIZATION**  
**Consolidated Statement of Functional Expenses**  
**For the Year Ended June 30, 2020**  
**(In Thousands)**

	Relief and Development Services	Fundraising and Promotion	Management and General	Total
Salaries	\$ 5,260	\$ 1,949	\$ 958	\$ 8,167
Payroll taxes	104	186	67	357
Employee benefits	452	208	107	767
Professional services	141	1,055	117	1,313
Advertising and promotion		311	1	312
Office expenses	291	268	29	588
Information technology	64	128	102	294
Occupancy	488	2	82	572
Travel	817	52	24	893
Conferences and training	186	4	10	200
Depreciation	12	88	118	218
Insurance	34	11	30	75
Dues and fees	44	8		52
Purchased services		163	19	182
Development losses			774	774
Other			82	82
Program supplies	15,494	111	14	15,619
<b>Total Expenses</b>	<b>\$ 23,387</b>	<b>\$ 4,544</b>	<b>\$ 2,534</b>	<b>\$ 30,465</b>

See accompanying notes.

**WORLD CONCERN (A MINISTRY OF CRISTA MINISTRIES)  
AND WORLD CONCERN DEVELOPMENT ORGANIZATION**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended June 30, 2021 and 2020**  
**(In Thousands)**

	<u>2021</u>	<u>2020</u>
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ 1,128	\$ (2,843)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities-		
Noncash activity:		
Depreciation	193	218
Net realized and unrealized gain on investments	(331)	(151)
Donated program supply inventory	(186)	
Donated program supplies in grant advances	186	
Loss on pledges receivable	111	774
Change in allowance for development loans	113	444
Changes in operating assets and liabilities:		
Grants receivable	(36)	(73)
Pledges receivable	195	109
Receivable from CRISTA Ministries	(78)	
Overseas assets	27	(56)
Accounts payable and accrued expenses	(334)	(45)
Grant advances	(1,024)	2,043
Payable to CRISTA Ministries	(333)	
<b>Net Cash (Used) Provided by Operating Activities</b>	<u><b>(369)</b></u>	<u><b>420</b></u>
<b>Cash Flows From Investing Activities:</b>		
Purchases of investments	(3,338)	(4,721)
Proceeds from sale of investments	3,461	4,113
Issuances of development loans	(6,400)	(5,858)
Repayments of development loans	6,302	5,757
Acquisition of property and equipment	(1)	(2)
<b>Net Cash Provided (Used) by Investing Activities</b>	<u><b>24</b></u>	<u><b>(711)</b></u>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(345)</b>	<b>(291)</b>
<b>Cash and Cash Equivalents:</b>		
Beginning of year	<u>2,875</u>	<u>3,166</u>
<b>End of Year</b>	<u><b>\$ 2,530</b></u>	<u><b>\$ 2,875</b></u>

See accompanying notes.

**WORLD CONCERN (A MINISTRY OF CRISTA MINISTRIES)  
AND WORLD CONCERN DEVELOPMENT ORGANIZATION**

**Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2021 and 2020**

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**Note 1 - Nature of Operations and Significant Accounting Policies**

**Business Purpose and Organization** - World Concern, a ministry of CRISTA Ministries ("CRISTA"), a not-for-profit organization, is an international disaster response and development agency working with people in need around the world. World Concern's purpose is to bring life, opportunity and hope to the poor (in body and spirit) by working with them in the developing world to transform lives, strengthen families, and build sustainability.

World Concern Development Organization ("WCDO") is the non-ecclesiastical arm of World Concern and shares common facilities and management with World Concern. WCDO is a not-for-profit organization responsible for administering funds from governments and foundations for international relief and development programs.

**Principles of Consolidation** - The consolidated financial statements include the accounts of World Concern and WCDO (collectively, the "Organization"). All significant inter-organization transactions have been eliminated in consolidation.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) 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 consolidated 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 in excess of daily requirements is invested in interest-bearing instruments with maturities of three months or less. Such investments are considered to be cash equivalents, except for those included in the Organization's investment portfolio and subject to its investment policy.

**Grants Receivable** - Unconditional Grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to grants receivable. Grants receivable are due primarily from government agencies and implementing partner organizations and are deemed by management to be fully collectible. Therefore, an allowance for doubtful accounts was not recorded at June 30, 2021 and 2020.

**Pledges Receivable** - Pledges receivable, unconditional promises to give, that are expected to be collected within one year are recorded at net realizable value. Management provides for probable uncollectible amounts through a charge to uncollectible pledges expense and a credit to a valuation allowance based on historical trends.

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received.

**Overseas Assets** - Overseas assets consist of prepaid expenses, deposits and miscellaneous receivables of the overseas offices.

**Donated Program Supply Inventory** - Donated program supply inventory consists of nutritional supplements provided by the U.S. Federal government for a program operated by the Organization in Somalia. Nutritional supplements not yet used or distributed under this program are recorded as inventory. The nutritional supplements are recorded at fair value on the date received and are evaluated for impairment and obsolescence (Note 7).

**WORLD CONCERN (A MINISTRY OF CRISTA MINISTRIES)  
AND WORLD CONCERN DEVELOPMENT ORGANIZATION**

**Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2021 and 2020**

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**Note 1 - Continued**

**Investments** - Investments consist primarily of marketable mutual and alternative strategy funds, and private equity. Investments in marketable mutual and alternative funds are stated at fair value. Investments in private equity are reported at their net asset value. Purchases and sales are recorded on a trade-date basis. Interest and dividends, recorded on the accrual basis, and gains and losses on investments are recognized in the consolidated statements of changes in net assets. Investment securities, in general, are exposed to various risks, including interest rate, credit and overall market volatility. It is reasonably probable that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statement of financial position.

**Property and Equipment Used in Current Ministries and Depreciation** - The Organization capitalizes domestic assets with a cost greater than \$3,000 and an estimated useful life of three or more years for equipment, and \$5,000 and an estimated life of five years for property and improvements. Certain technology items, such as computers, with a cost greater than \$750 will be capitalized if they have useful lives between 3 to 5 years. Purchased property is carried at cost. Donated property is recorded at fair value when received. Depreciation is computed using the straight-line method based on estimated useful lives as follows:

Buildings and improvements	5 - 50 years
Furniture and equipment	3 - 10 years
Vehicles	3 - 7 years

Overseas purchases of property and equipment are not considered significant and are included as expenses in the consolidated statements of changes in net assets without donor restrictions in the period incurred.

**Development Loans Receivable** - Development loans receivable represent loans outstanding under the Micro-enterprise Loan Program (MLP) in the country of Bangladesh.

The purpose of the MLP is to assist impoverished persons to become self-reliant, successful entrepreneurs. The MLP is administered in accordance with guidelines published by World Concern and is tailored to specific conditions of the host country. The majority of these loans mature in one to two years. Based on management's intent and ability to reinvest collected amounts in the MLP in those countries, the balance has been classified as a long-term receivable.

**Grant Advances** - Grant advances consist of funds received from donors for conditional grants prior to the conditions being satisfied. The conditions are expected to be satisfied and grant revenue recognized within the following year.

**Concentration of Credit Risk** - Financial instruments that potentially subject the Organization to concentration of credit risk consist primarily of cash and cash equivalents. Cash and cash equivalents are held with banks located in and outside of the United States. As of June 30, 2021 and 2020, 69% and 67%, respectively, of cash and cash equivalents were held in banks outside of the United States. Cash and cash equivalents may at times exceed FDIC and SIPC insurance limits.

**Basis of Presentation** - Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets without donor restrictions include all net assets on which there are no donor-imposed restrictions for use, or such donor-imposed restrictions were temporary and expired or were met during the current or previous years.

**WORLD CONCERN (A MINISTRY OF CRISTA MINISTRIES)  
AND WORLD CONCERN DEVELOPMENT ORGANIZATION**

**Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2021 and 2020**

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**Note 1 - Continued**

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization, the passage of time, or must be maintained permanently by the Organization. The Organization had no net assets that must be maintained permanently as of June 30, 2021 and 2020.

Revenues are reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled or the stipulated time period has lapsed) are reported as reclassifications between the applicable classes of net assets. Contributions where the restrictions are satisfied within the same year are reported as revenue without donor restrictions. Releases of net assets are generally for the satisfaction of program restrictions.

**Nonoperating Activities** - The Organization considers all activities as operating activities except for gains on forgiven amounts due to CRISTA.

**Foreign Currency Translation** - The functional currency of World Concern's field offices is the local currency in which the offices are located. Assets and liabilities of the offices have been translated into U.S. dollars at year-end exchange rates. Revenues and expenses have been translated at average monthly exchange rates. Foreign currency translation losses of \$60,000 and \$22,000 were recognized for the years ended June 30, 2021 and 2020, respectively, and these amounts are included in the consolidated statements of changes in net assets without donor restrictions.

**Revenue Recognition** - Unconditional contributions, pledges, and grants are recognized as revenue at the time received or committed. Conditional grants and contributions are recognized as revenue in the period in which the donor conditions upon which they depend are satisfied. Government grants are considered conditional, and revenue is recognized in the period in which the related qualifying expenses are incurred. Advance payments received prior to incurring qualifying expenses or prior to satisfying donor conditions are recorded as grant advances on the consolidated balance sheets. Conditional grants committed but outstanding totaled approximately \$5,323,000 and \$8,677,000 as of June 30, 2021 and 2020, respectively, and are expected to be recognized as revenue during the next three years.

Nonfinancial gifts of medicine, nutritional supplements, clothing, agricultural supplies, medical supplies, and other commodities are donated to World Concern for distribution to overseas development projects. Such gifts are recorded, at estimated fair value on the date received, except for food commodities (Note 7). Food commodities, consisting of nutritional supplements, are received from the U.S. Federal government, and are considered conditional grants. Therefore, revenue for the nutritional supplements is recognized when the goods are distributed or used by the Organization.

**Methods Used for Allocation of Expenses Among Programs** - The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Organization. Those expenses include the Executive Office, ministry management department, the legal department, the information technology department, the security department, the facilities department, the housekeeping department and the grounds department. The Executive Office, ministry management department, and legal department expenses are allocated based on level of effort. Information technology costs are allocated based on workorders and network accounts. Facility expenses are allocated based upon workorders. Housekeeping, ground, and security expenses are allocated based upon square footage.

**WORLD CONCERN (A MINISTRY OF CRISTA MINISTRIES)  
AND WORLD CONCERN DEVELOPMENT ORGANIZATION**

**Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2021 and 2020**

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**Note 1 - Continued**

**Federal Income Taxes** - The Internal Revenue Service (IRS) has determined that the operations of World Concern, as a ministry of CRISTA Ministries, and WCDO are exempt from federal income taxes under Section 501(c)(3) and 509(a)(1) of the Internal Revenue Code. Accordingly, no provision has been made for federal income tax in the accompanying consolidated financial statements.

**Financial Statement Reclassifications** - Certain reclassifications have been made to the prior year consolidated financial statements to conform to the current year presentation. Such reclassifications have no effect on the consolidated net asset balances or change in net assets as previously reported.

**Subsequent Events** - The Organization has evaluated subsequent events through November 26, 2021, the date on which the financial statements were available to be issued.

**Note 2 - Cash and Cash Equivalents**

Cash and cash equivalents consisted of the following as of June 30:

	(In Thousands)	
	2021	2020
Cash	\$ 1,767	\$ 1,976
Money market funds	763	899
<b>Total Cash and Cash Equivalents</b>	<b>\$ 2,530</b>	<b>\$ 2,875</b>

Cash and cash equivalents include approximately \$1,744,000 and \$1,928,000 at June 30, 2021 and 2020, respectively, of funds on deposit in banks in foreign countries.

**Note 3 - Pledges Receivable**

Pledges receivable are due as follows as of June 30:

	(In Thousands)	
	2021	2020
Receivables due in less than one year	\$ 54	\$ 377
Less allowance for uncollectible pledges receivable	(2)	(19)
<b>Pledges Receivable, Net</b>	<b>\$ 52</b>	<b>\$ 358</b>

Since all pledges are expected to be paid within one year, a present value discount was not recorded.

**WORLD CONCERN (A MINISTRY OF CRISTA MINISTRIES)  
AND WORLD CONCERN DEVELOPMENT ORGANIZATION**

**Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2021 and 2020**

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**Note 4 - Investments and Fair Value Measurements**

U.S. GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy are described as follows:

Level 1 - Unadjusted quoted prices available in active markets for identical assets or liabilities;

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or

Level 3 - Unobservable inputs that are significant to the fair value measurement.

A financial instrument's level within the fair value hierarchy is based upon the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. These financial instruments were valued using a market approach.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021 and 2020.

Mutual Funds and Alternative Strategy Funds - Valued at quoted market prices in active markets.

Private Equity - Valued at net asset value (NAV) per share, or its equivalent, as a practical expedient, as reported by the general partner or investment manager unless specific evidence indicated the NAV should be adjusted. In accordance with ASU 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)*, certain investments that were measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. Investments valued at NAV, presented in the table below, are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated balance sheets.

**WORLD CONCERN (A MINISTRY OF CRISTA MINISTRIES)  
AND WORLD CONCERN DEVELOPMENT ORGANIZATION**

**Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2021 and 2020**

**Note 4 - Continued**

Total investments and assets recorded at fair value on a recurring basis were as follows as of June 30, 2021:

	(In Thousands)			
	Level 1	Level 2	Level 3	Total
Equity mutual funds-				
U.S. large cap	\$ 1,432	\$ -	\$ -	\$ 1,432
U.S. mid cap	93			93
International	839			839
Fixed income mutual funds-				
U.S.	3,479			3,479
Total mutual funds	5,843			5,843
Alternative strategy funds-				
Hedge	402			402
Real estate	109			109
Commodities	101			101
Total alternative strategy funds	612			612
<b>Total Investments in the Fair Value Hierarchy</b>	<b>\$ 6,455</b>	<b>\$ -</b>	<b>\$ -</b>	6,455
Private equity investments measured at NAV				460
Cash and cash equivalents				115
<b>Total Investments</b>				<b>\$ 7,030</b>



**WORLD CONCERN (A MINISTRY OF CRISTA MINISTRIES)  
AND WORLD CONCERN DEVELOPMENT ORGANIZATION**

**Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2021 and 2020**

**Note 4 - Continued**

Total investments and assets recorded at fair value on a recurring basis were as follows as of June 30, 2020:

	(In Thousands)			
	Level 1	Level 2	Level 3	Total
Equity mutual funds-				
U.S. large cap	\$ 799	\$ -	\$ -	\$ 799
U.S. mid cap	113			113
International	668			668
Fixed income mutual funds-				
U.S.	3,909			3,909
Total mutual funds	5,489			5,489
Alternative strategy funds-				
Hedge	385			385
Real estate	104			104
Commodities	131			131
Total alternative strategy funds	620			620
<b>Total Investments in the Fair Value Hierarchy</b>	<b>\$ 6,109</b>	<b>\$ -</b>	<b>\$ -</b>	6,109
Private equity investments measured at NAV				388
Cash and cash equivalents				325
<b>Total Investments</b>				<b>\$ 6,822</b>

**WORLD CONCERN (A MINISTRY OF CRISTA MINISTRIES)  
AND WORLD CONCERN DEVELOPMENT ORGANIZATION**

**Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2021 and 2020**

**Note 4 - Continued**

The following table lists investments in private equity for which fair value is measured using the NAV per share practical expedient and summarizes significant terms of the agreements with certain investment companies.

Strategy	(In Thousands)		Redemption Frequency	Redemption Notice Period	Other Restrictions
	Fair Value June 30, 2021	Fair Value June 30, 2020			
Private equity- Limited partnerships and limited liability company	\$ 460	\$ 388	Not currently redeemable.	Not currently redeemable.	Not currently redeemable.

There were no unfunded investment commitments as of June 30, 2021 and 2020.

Private equity investments consist of a limited liability company holding real estate, and limited partnerships and a limited liability company with diversified strategies that invest in domestic and global securities and are available to institutional investors.

**Note 5 - Property and Equipment Used in Current Ministries**

Property and equipment used in current ministries consisted of the following as of June 30:

	(In Thousands)	
	2021	2020
Buildings and improvements	\$ 245	\$ 245
Furniture, equipment and other	3	2
Less accumulated depreciation	(163)	(150)
<b>Property and Equipment, Net</b>	<b>\$ 85</b>	<b>\$ 97</b>

**Note 6 - Development Loans Receivable**

The Organization makes loans under the Micro-enterprise Loan Program (MLP) to assist impoverished persons to become self-reliant, successful entrepreneurs in the country of Bangladesh. The loans are funded by contributions with donor restrictions, and amounts collected on these loans are reinvested in the MLP to fund future loans. Outstanding loan balances in the MLP represented 25% of total assets as of June 30, 2021 and 2020, respectively.

**WORLD CONCERN (A MINISTRY OF CRISTA MINISTRIES)  
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**Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2021 and 2020**

**Note 6 - Continued**

Development loans receivable and the allowance for doubtful accounts was as follows as of June 30:

	(In Thousands)	
	2021	2020
Receivables from individuals in Bangladesh	\$ 4,511	\$ 4,414
Less allowance for doubtful accounts-		
Beginning balance	(807)	(381)
Provision for loan losses	(134)	(426)
Loans written off	22	
Allowance balance	(919)	(807)
<b>Development Loans Receivable, Net</b>	<b>\$ 3,592</b>	<b>\$ 3,607</b>

The following amounts were past due under the MLP as of June 30:

	(In Thousands)	
	2021	2020
Less than one year	\$ 375	\$ 181
One to five years	522	222
<b>Total Loans Past Due</b>	<b>\$ 897</b>	<b>\$ 403</b>

The average loan size was \$194 and \$296 as of June 30, 2021 and 2020, respectively. Maturities on the loans range from two months to two years, and interest rates range from 13.4% to 26.9%. Allowances for doubtful accounts are established based on prior collection experience, current economic factors and management's review of individual account balances. Loans under the MLP are written off only when they are deemed to be permanently uncollectible, and interest continues to accrue until the loan balances are paid in full. Assessed impairment of certain loans is included in the allowance for doubtful accounts.

The Organization is subject to certain business risks that could affect net assets. These risks include the geographic concentration in Bangladesh, a developing country, which represents 100% of the total development loans receivable at June 30, 2021 and 2020.

The Organization holds approximately \$1,710,000 and \$1,872,000 in deposits against the loans from the individuals in the MLP at June 30, 2021 and 2020, respectively. These are returned to the individuals when the loans are repaid, but they are also used to offset losses if the individuals default on their loans. The deposits are reflected as liabilities in the consolidated balance sheets as a part of payables held by field operations.

**WORLD CONCERN (A MINISTRY OF CRISTA MINISTRIES)  
AND WORLD CONCERN DEVELOPMENT ORGANIZATION**

**Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2021 and 2020**

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**Note 7 - Gifts-in-Kind**

The Organization receives contributions of clothing, health supplies, and other commodities for use in its various programs and medicines at significantly below fair value. Such gifts are recorded as donated supply inventory and revenue at the time received and as a reduction of donated supply inventory and as a program services expense when the distributing agency has received the goods.

Gifts-in-kind (GIK) are recorded in accordance with U.S. GAAP and in consideration of Accord GIK Interagency Standards. Gifts that can be used in the United States are recorded at their fair value based on product like-kind analysis and an average of current estimated wholesale prices as available. Donated nutrition supplements are valued based on published market prices established by the donor. The nutrition supplements are used by the Organization in a program in Somalia.

The Organization obtains deworming medicine that is distributed to children and adults in Haiti and several countries in Africa and Asia. The Organization purchases this deworming medicine and records such purchases at cost and books any difference between cost and fair value as a contribution, where fees paid are significantly below fair values, per applicable accounting standards.

The deworming medication is restricted to use outside the United States and is used in international health services and natural disaster services. In valuing the deworming medication not legally permissible for sale in the United States, and primarily consumed in developing markets, the Organization obtains market data from third-party sources representing wholesale exit prices in the developing markets in which the deworming medication is approved for sale, that is, the principal markets. The valuation per unit for each type of medicine obtained is based on the average price over the most recent four quarters in representative developing markets populations. Such industry standards are subject to review and adjustment; therefore, estimates of the fair value of donated medicines may vary in the future.

The Organization only records the value of GIK for which the Organization was the original recipient of the gift, was the end use agency, was involved in partnership with another organization for distribution internationally or used the GIK in its own programs. GIK is not monetized.

A summary of GIK revenues is as follows for the years ended June 30:

	(In Thousands)	
	2021	2020
Medicines and medical supplies	\$ 178	\$ 12,419
Nutrition supplements, government grant	34	
Other		52
Advertising	187	97
<b>Total Gifts-in-Kind</b>	<b>\$ 399</b>	<b>\$ 12,568</b>

For years ended June 30, 2021 and 2020, the Organization distributed approximately 2 thousand and 10.7 million deworming pills, respectively, to children and adults in several countries, including Haiti, Somalia, Bangladesh, Kenya, South Sudan, Burundi, Zambia, and Dominican Republic. For the year ended June 30, 2021, 93% of the total GIK revenue was from two donors. For the year ended June 30, 2020, 99%, was from one donor.

**WORLD CONCERN (A MINISTRY OF CRISTA MINISTRIES)  
AND WORLD CONCERN DEVELOPMENT ORGANIZATION**

**Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2021 and 2020**

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**Note 8 - Commitments and Contingencies**

**Leases** - The Organization is obligated under various operating leases for office equipment through 2023. Future lease obligations for operating leases over that period total approximately \$1,600. Lease expense for the years ended June 30, 2021 and 2020, was approximately \$3,400 and \$3,200, respectively.

**Employee Retirement Benefits** - CRISTA offers a Section 403(b) savings plan to eligible employees, including employees of the Organization. Employees may contribute amounts from their salaries to the plan up to the limits specified by the IRS. The Organization may contribute 3% of the employee's earnings annually to each eligible employee's account on a discretionary basis. This discretionary contribution has been suspended for calendar years 2021 and 2020. The Organization matches up to 4% additional contributions to an eligible employee's account based upon years of service to CRISTA. Employer provided funds are vested to the employee at 20% per year until fully vested after five years. Effective January 1, 2020, the Organization elected to suspend employer matching contributions. There were no employer matching contributions made for the year ended June 30, 2021. Total employer contributions for the Organization's employees for the year ended June 30, 2020 totaled approximately \$22,000.

**Contingencies** - Amounts received under federal grant programs are subject to audit and adjustment by the granting agency. Any adjusted amounts, including funds already received, may constitute a liability of the Organization. Management believes adjustments required, if any, as a result of audits will not have a material effect on the Organization's financial position or results of activities.

In the normal course of business, the Organization has various claims in process, matters in litigation, and other contingencies. In management's opinion, the outcome from these matters will not materially impact the Organization's financial position or results of activities.

**Note 9 - Intra-Organization Transactions**

In the normal course of business, the Organization enters into transactions with CRISTA Ministries to maximize operating efficiency. Expenses related to these transactions are determined based upon actual costs related to the services provided.

The following is a summary of expenses incurred in transactions with CRISTA Ministries for the years ended June 30:

	(In Thousands)	
	2021	2020
Expenses-		
Fundraising services	\$ 4,225	\$ 4,250
Management services	891	1,122
Office space		129
Computer services		95
Other	10	34
<b>Total Expenses</b>	<b>\$ 5,126</b>	<b>\$ 5,630</b>

**WORLD CONCERN (A MINISTRY OF CRISTA MINISTRIES)  
AND WORLD CONCERN DEVELOPMENT ORGANIZATION**

**Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2021 and 2020**

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**Note 9 - Continued**

**Due To / From CRISTA Ministries** - Amounts due to or from CRISTA Ministries arise related to expenses incurred by the Organization. As of June 30, 2021, \$78,000 was due to the Organization from CRISTA Ministries, and as of June 30, 2020, \$333,000 was due to CRISTA Ministries. These amounts are reported as a receivable or payable on the consolidated balance sheets. CRISTA Ministries forgave \$1,419,000 in amounts receivable from the Organization during the year ended June 30, 2020. The forgiveness of the liability is reported as a nonoperating gain on the statements of changes in net assets without donor restrictions.

**Note 10 - Endowment**

The Organization's endowment consists of one donor-restricted term endowment established for the Organization's Africa One Village Transform Expansion program (the Program) that will be spent down over future years. As required by U.S. GAAP, net assets associated with the endowment are classified and reported as net assets with donor restrictions on the consolidated balance sheets in accordance with donor restrictions.

The endowment agreement provides for annual spending from the endowment through December 31, 2026, as long as the corpus balance allows. The annual releases are based on actual expenditures, up to amounts specified in the endowment agreement.

Changes to endowment net assets with donor restrictions are as follows for the years ended June 30:

	(In Thousands)	
	2021	2020
Endowment net assets, beginning of year	\$ 4,856	\$ 5,417
Endowment investment return, net	451	258
Distributions	(1,081)	(819)
<b>Endowment Net Assets, End of Year</b>	<b><u>\$ 4,226</u></b>	<b><u>\$ 4,856</u></b>

The Organization has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment assets. Endowment assets include those assets of donor restricted funds that the Organization must hold for a donor specified period. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to seek an average annual rate of return of 7%, or total return of Consumer Price Index plus 3%, whichever is greater. Actual returns may vary significantly from this objective in any given year.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through capital appreciation, realized and unrealized gains, and current yield such as interest and dividends. The Organization targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

**WORLD CONCERN (A MINISTRY OF CRISTA MINISTRIES)  
AND WORLD CONCERN DEVELOPMENT ORGANIZATION**

**Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2021 and 2020**

**Note 10 - Continued**

**Underwater Endowment Funds With Deficiencies** - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the State Prudent Management of Institutional Funds Act requires the Organization to retain as a fund of perpetual duration. No deficiencies existed at June 30, 2021 and 2020, as the Organization has no endowment funds to be held in perpetuity.

**Note 11 - Liquidity and Availability of Financial Assets**

The Organization's financial assets available for general expenditures within one year of the consolidated balance sheet dates were as follows as of June 30:

	(In Thousands)	
	2021	2020
Cash and cash equivalents	\$ 2,530	\$ 2,875
Grants receivable	517	481
Pledges receivable	52	358
Investments	7,030	6,822
Total financial assets	10,129	10,536
Term endowment	(4,226)	(4,856)
<b>Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year</b>	<b>\$ 5,903</b>	<b>\$ 5,680</b>

Liquidity and reserves for World Concern are managed centrally by CRISTA Ministries. Financial assets available to meet cash needs of general expenditures are primarily carried by CRISTA Ministries. World Concern generally carries direct financial assets sufficient to meet approximately 30 days of expected cash operating expenses in overseas locations. Development loans receivable are not included in the table above, as amounts collected on the loans are reinvested in the loan program to provide new loans.

Management regularly monitors the financial results and cash flows of World Concern's operations to ensure that adequate liquidity is maintained. World Concern is one of several ministries of CRISTA Ministries, and the overall liquidity of CRISTA Ministries can be called upon to ensure sufficient liquidity for World Concern's operations. CRISTA Ministries manages its overall liquidity and reserves following three guiding principles: (1) operating within a prudent range of financial soundness and stability, (2) maintaining adequate liquid assets to fund near-term operating needs, and (3) maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. CRISTA has a liquidity policy to maintain current financial assets at a minimum of 30 days of expected cash operating expenses. CRISTA has a policy to target a year-end balance of reserves of undesignated net assets without donor restrictions to meet 60 to 105 days of expected expenditures. To achieve these targets, CRISTA forecasts its future cash flows and monitors its liquidity monthly and monitors its reserves quarterly. CRISTA also has a line of credit available to meet short-term needs.

**WORLD CONCERN (A MINISTRY OF CRISTA MINISTRIES)  
AND WORLD CONCERN DEVELOPMENT ORGANIZATION**

**Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2021 and 2020**

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**Note 12 - Coronavirus Pandemic**

In December 2019, a novel strain of the coronavirus (COVID-19) was identified, and the World Health Organization declared the outbreak to constitute a “Public Health Emergency of International Concern.” The COVID-19 pandemic caused business disruption through mandated and voluntary closing of multiple businesses and organizations. The Organization complied with changes mandated by Washington state and the foreign countries in which the Organization works, which included increased safety protocols across all ministries. While the situation is expected to be temporary, the extent of the impact of COVID-19 on the Organization’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the effect on the Organization’s donors, employees and vendors, none of which can be reliably predicted at this time. Management continues to monitor events and conditions as they unfold and has established strategies to respond accordingly.



**SUPPLEMENTARY INFORMATION**

**WORLD CONCERN (A MINISTRY OF CRISTA MINISTRIES)  
AND WORLD CONCERN DEVELOPMENT ORGANIZATION**  
Consolidating Balance Sheet  
June 30, 2021  
(In Thousands)

	World Concern	World Concern Development Organization	Consolidation/ Eliminations	Total
<b>Assets</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 2,506	\$ 24	\$ -	\$ 2,530
Grants receivable	364	153		517
Pledges receivable, net	52			52
Receivable from World Concern		1,565	(1,565)	
Receivable from CRISTA Ministries	78			78
Donated program supply inventory		186		186
<b>Total Current Assets</b>	<b>3,000</b>	<b>1,928</b>	<b>(1,565)</b>	<b>3,363</b>
Investments	7,030			7,030
Property and equipment used in current ministries, net	85			85
Development loans receivable, net	3,592			3,592
Overseas assets	169			169
<b>Total Assets</b>	<b>\$ 13,876</b>	<b>\$ 1,928</b>	<b>\$ (1,565)</b>	<b>\$ 14,239</b>
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities:</b>				
Accounts payable and accrued expenses	\$ 2,868	\$ 4	\$ -	\$ 2,872
Grant advances	1,019	186		1,205
Payable to World Concern Development Organization	1,565		(1,565)	
<b>Total Current Liabilities</b>	<b>5,452</b>	<b>190</b>	<b>(1,565)</b>	<b>4,077</b>
<b>Net Assets:</b>				
Without donor restrictions-				
General	(337)	1,724		1,387
Represented by property and equipment owned by the Organization	85			85
Total net assets without donor restrictions	(252)	1,724		1,472
With donor restrictions-				
Term endowment	4,226			4,226
Restricted for program activities	4,450	14		4,464
Total net assets with donor restrictions	8,676	14		8,690
<b>Total Net Assets</b>	<b>8,424</b>	<b>1,738</b>		<b>10,162</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 13,876</b>	<b>\$ 1,928</b>	<b>\$ (1,565)</b>	<b>\$ 14,239</b>

See independent auditor's report.

**WORLD CONCERN (A MINISTRY OF CRISTA MINISTRIES)  
AND WORLD CONCERN DEVELOPMENT ORGANIZATION**  
**Consolidating Schedule of Activities**  
**For the Year Ended June 30, 2021**  
**(In Thousands)**

	World Concern	World Concern Development Organization	Total
<b>Operating Revenues, Gains and Losses:</b>			
Contributions	\$ 8,813	\$ 483	\$ 9,296
Contributions released from restrictions	5,162		5,162
Government grants		1,299	1,299
Government grants, gifts-in-kind		34	34
Gifts-in-kind	365		365
Income on development loans	971		971
Miscellaneous income	4		4
Foreign currency exchange losses	(60)		(60)
<b>Total Operating Revenues, Gains and Losses</b>	<b>15,255</b>	<b>1,816</b>	<b>17,071</b>
<b>Expenses:</b>			
Program services-			
Program	9,223	1,187	10,410
Gifts-in-kind	178		178
Gifts-in-kind, Government		34	34
Total program services	9,401	1,221	10,622
Supporting services-			
Fundraising and promotion:			
Fundraising and promotion	4,400		4,400
Gifts-in-kind	187		187
Management and general	1,292	246	1,538
Total supporting services	5,879	246	6,125
<b>Total Expenses</b>	<b>15,280</b>	<b>1,467</b>	<b>16,747</b>
<b>Change in Net Assets Without Donor Restrictions From Operations</b>	<b>(25)</b>	<b>349</b>	<b>324</b>
<b>Net Assets With Donor Restrictions:</b>			
Contributions	5,514		5,514
Contributions released from restrictions	(5,162)		(5,162)
Income on investments	121		121
Net realized and unrealized gains on investments	331		331
<b>Change in Net Assets With Donor Restrictions</b>	<b>804</b>		<b>804</b>
<b>Total Change in Net Assets</b>	<b>779</b>	<b>349</b>	<b>1,128</b>
Net assets, beginning of year	7,645	1,389	9,034
<b>Net Assets, End of Year</b>	<b>\$ 8,424</b>	<b>\$ 1,738</b>	<b>\$ 10,162</b>

See independent auditor's report.

**WORLD CONCERN DEVELOPMENT ORGANIZATION**

**Schedule of Functional Expenses  
For the Year Ended June 30, 2021  
(In Thousands)**

	Relief and Development Services	Management and General	Total
Salaries	\$ 624	\$ 84	\$ 708
Program supplies	280		280
Travel	113	1	114
Purchased services		101	101
Employee benefits	99		99
Occupancy	51		51
Professional services		50	50
Office expenses	45	3	48
Vehicles	8		8
Insurance		5	5
Information technology	1		1
Conferences and training		1	1
Dues and fees		1	1
<b>Total Expenses</b>	<b>\$ 1,221</b>	<b>\$ 246</b>	<b>\$ 1,467</b>

See independent auditor's report.