



Consolidated Financial Statements

For the Years Ended June 30, 2022 and 2021

## Table of Contents

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	Page
<b>Independent Auditor's Report</b>	1 - 3
<b>Consolidated Financial Statements:</b>	
Consolidated Balance Sheets	4
Consolidated Statements of Changes in Net Assets Without Donor Restrictions	5
Consolidated Statements of Changes in Net Assets	6
Consolidated Statements of Functional Expenses	7 - 8
Consolidated Statements of Cash Flows	9
Notes to Consolidated Financial Statements	10 - 21
<b>Supplementary Information:</b>	
Consolidating Balance Sheet	22
Consolidating Schedule of Activities	23
Schedule of Functional Expenses - World Concern Development Organization	24

## Independent Auditor's Report

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

### Opinion

We have audited the 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, 2022 and 2021, 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 financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.



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## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



## 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 22 through 24 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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  
October 13, 2022

**WORLD CONCERN (A MINISTRY OF CRISTA MINISTRIES)  
AND WORLD CONCERN DEVELOPMENT ORGANIZATION**  
**Consolidated Balance Sheets**  
**June 30, 2022 and 2021**  
**(In Thousands)**

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents (Note 2)	\$ 2,689	\$ 2,530
Grants receivable	738	517
Pledges receivable, net		52
Receivable from CRISTA Ministries	172	78
Donated program supply inventory	414	186
<b>Total Current Assets</b>	<b>4,013</b>	<b>3,363</b>
Investments (Note 3)	4,629	7,030
Property and equipment, net (Note 4)	71	85
Development loans receivable, net (Note 5)	3,756	3,592
Overseas assets	230	169
<b>Total Assets</b>	<b>\$ 12,699</b>	<b>\$ 14,239</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued expenses	\$ 2,877	\$ 2,872
Grant advances	1,122	1,205
<b>Total Current Liabilities</b>	<b>3,999</b>	<b>4,077</b>
<b>Net Assets:</b>		
Without donor restrictions-		
General	1,626	1,387
Represented by property and equipment owned by the Organization	71	85
Total net assets without donor restrictions	1,697	1,472
With donor restrictions-		
Term endowment (Note 9)	2,825	4,226
Restricted for program activities	4,178	4,464
Total net assets with donor restrictions	7,003	8,690
<b>Total Net Assets</b>	<b>8,700</b>	<b>10,162</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 12,699</b>	<b>\$ 14,239</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, 2022 and 2021**  
**(In Thousands)**

	<u>2022</u>	<u>2021</u>
<b>Revenues, Gains and Losses:</b>		
Contributions	\$ 6,970	\$ 9,296
Contributions released from restriction	7,411	5,162
Government grants	2,504	1,299
Government grants, gifts-in-kind (Note 6)	186	34
Gifts-in-kind (Note 6)	1,118	365
Income on development loans	774	971
Miscellaneous income	12	4
Foreign currency exchange losses	<u>(299)</u>	<u>(60)</u>
<b>Total Revenues, Gains and Losses</b>	<b>18,676</b>	<b>17,071</b>
<b>Expenses:</b>		
Program services-		
Program	11,354	10,410
Gifts-in-kind (Note 6)	1,061	178
Gifts-in-kind, Government (Note 6)	<u>186</u>	<u>34</u>
Total program services	12,601	10,622
Supporting services-		
Fundraising and promotion:		
Fundraising and promotion	4,188	4,400
Gifts-in-kind (Note 6)	57	187
Management and general	<u>1,605</u>	<u>1,538</u>
Total supporting services	<u>5,850</u>	<u>6,125</u>
<b>Total Expenses</b>	<b>18,451</b>	<b>16,747</b>
<b>Change in Net Assets Without Donor Restrictions</b>	<b>\$ 225</b>	<b>\$ 324</b>

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, 2022 and 2021**  
**(In Thousands)**

	<u>2022</u>	<u>2021</u>
<b>Net Assets Without Donor Restrictions:</b>		
Total revenues, gains and losses without donor restrictions	\$ 11,265	\$ 11,909
Contributions released from restriction	7,411	5,162
Total expenses	<u>(18,451)</u>	<u>(16,747)</u>
<b>Change in Net Assets Without Donor Restrictions</b>	<b>225</b>	<b>324</b>
<b>Net Assets With Donor Restrictions:</b>		
Contributions	6,041	5,514
Contributions released from restriction	(7,411)	(5,162)
Investment return, net-		
Income on investments	88	121
Net realized and unrealized (losses) gains on investments	<u>(405)</u>	<u>331</u>
Return on investment, net	(317)	452
<b>Change in Net Assets With Donor Restrictions</b>	<b><u>(1,687)</u></b>	<b><u>804</u></b>
<b>Total Change in Net Assets</b>	<b>(1,462)</b>	<b>1,128</b>
Net assets, beginning of year	<u>10,162</u>	<u>9,034</u>
<b>Net Assets, End of Year</b>	<b><u>\$ 8,700</u></b>	<b><u>\$ 10,162</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, 2022**  
**(In Thousands)**

	Relief and Development Services	Fundraising and Promotion	Management and General	Total
Salaries	\$ 4,866	\$ 1,974	\$ 791	\$ 7,631
Payroll taxes	60	150	43	253
Employee benefits	495	233	107	835
Program supplies	5,029	100	7	5,136
Travel	1,064	63	33	1,160
Professional services	119	491	209	819
Purchased services		740		740
Occupancy	408		58	466
Office expenses	241	153	12	406
Information technology	57	143	68	268
Depreciation	5	98	99	202
Conferences and training	188	2	4	194
Dues and fees	47	88	13	148
Insurance	22	10	111	143
Other			50	50
<b>Total Expenses</b>	<b>\$ 12,601</b>	<b>\$ 4,245</b>	<b>\$ 1,605</b>	<b>\$ 18,451</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
Program supplies	3,148	204	31	3,383
Travel	814	6		820
Professional services	82	902	196	1,180
Purchased services		586		586
Occupancy	489		38	527
Office expenses	241	150	10	401
Information technology	42	142	61	245
Depreciation	12	97	84	193
Conferences and training	91	2	3	96
Dues and fees	39	67	6	112
Insurance	18	8	150	176
Other			137	137
Advertising and promotion		95	3	98
<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 Statements of Cash Flows**  
**For the Years Ended June 30, 2022 and 2021**  
**(In Thousands)**

	<u>2022</u>	<u>2021</u>
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ (1,462)	\$ 1,128
Adjustments to reconcile change in net assets to net cash used by operating activities-		
Noncash activity:		
Depreciation	202	193
Net realized and unrealized losses (gains) on investments	405	(331)
Donated program supply inventory	(228)	(186)
Donated program supplies in grant advances	228	186
Change in provision for allowance for doubtful accounts	1	111
Change in allowance and loss on foreign currency for development loans	33	113
Changes in operating assets and liabilities:		
Grants receivable	(221)	(36)
Pledges receivable	51	195
Receivable from CRISTA Ministries	(94)	(78)
Overseas assets	(61)	27
Accounts payable and accrued expenses	(183)	(334)
Grant advances	(311)	(1,024)
Payable to CRISTA Ministries		(333)
<b>Net Cash Used by Operating Activities</b>	<b>(1,640)</b>	<b>(369)</b>
<b>Cash Flows From Investing Activities:</b>		
Purchases of investments	(1,629)	(3,338)
Proceeds from sale of investments	3,625	3,461
Issuances of development loans	(6,709)	(6,400)
Repayments of development loans	6,512	6,302
Acquisition of property and equipment		(1)
<b>Net Cash Provided by Investing Activities</b>	<b>1,799</b>	<b>24</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>159</b>	<b>(345)</b>
<b>Cash and Cash Equivalents:</b>		
Beginning of year	2,530	2,875
<b>End of Year</b>	<b>\$ 2,689</b>	<b>\$ 2,530</b>

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, 2022 and 2021**

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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, 2022.

**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.

**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 and South Sudan. 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 6).

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

**Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2022 and 2021**

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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 are 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.

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

**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 both June 30, 2022, 69% 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.

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

**Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2022 and 2021**

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**Note 1 - Continued**

**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.

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, 2022.

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.

**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 \$299,000 and \$60,000 were recognized for the years ended June 30, 2022 and 2021, 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 \$4,214,000 and \$5,323,000 as of June 30, 2022 and 2021, 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 6). 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.

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

**Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2022 and 2021**

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**Note 1 - Continued**

**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.

**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.

**Subsequent Events** - The Organization has evaluated subsequent events through October 13, 2022, 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)	
	2022	2021
Cash	\$ 1,996	\$ 1,767
Money market funds	693	763
<b>Total Cash and Cash Equivalents</b>	<b>\$ 2,689</b>	<b>\$ 2,530</b>

Cash and cash equivalents include approximately \$1,855,000 and \$1,744,000 at June 30, 2022 and 2021, respectively, of funds on deposit in banks in foreign countries.

**Note 3 - 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;

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

**Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2022 and 2021**

**Note 3 - Continued**

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, 2022.

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 indicates the NAV should be adjusted. In accordance with U.S. GAAP, 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.

Total investments and assets recorded at fair value on a recurring basis were as follows as of June 30, 2022:

	(In Thousands)			
	Level 1	Level 2	Level 3	Total
Equity mutual funds	\$ 1,176	\$ -	\$ -	\$ 1,176
Fixed income mutual funds	2,388			2,388
Total mutual funds	3,564			3,564
Alternative strategy funds	505			505
<b>Total Investments in the Fair Value Hierarchy</b>	<b>\$ 4,069</b>	<b>\$ -</b>	<b>\$ -</b>	4,069
Private equity investments measured at NAV				374
Cash and cash equivalents				186
<b>Total Investments</b>				<b>\$ 4,629</b>



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

**Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2022 and 2021**

**Note 3 - 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	\$ 2,364	\$ -	\$ -	\$ 2,364
Fixed income mutual funds	3,479			3,479
<b>Total mutual funds</b>	<b>5,843</b>			<b>5,843</b>
Alternative strategy funds	612			612
<b>Total Investments in the Fair Value Hierarchy</b>	<b>\$ 6,455</b>	<b>\$ -</b>	<b>\$ -</b>	<b>6,455</b>
Private equity investments measured at NAV				460
Cash and cash equivalents				115
<b>Total Investments</b>				<b>\$ 7,030</b>

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, 2022	Fair Value June 30, 2021			
Private equity- Limited partnerships and limited liability company	\$ 374	\$ 460	Not currently redeemable.	Not currently redeemable.	Not currently redeemable.

There were no unfunded investment commitments as of June 30, 2022 and 2021.

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.

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

**Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2022 and 2021**

**Note 4 - Property and Equipment**

Property and equipment consisted of the following as of June 30:

	(In Thousands)	
	<u>2022</u>	<u>2021</u>
Buildings and improvements	\$ 245	\$ 245
Furniture, equipment and other	3	3
Less accumulated depreciation	<u>(177)</u>	<u>(163)</u>
<b>Property and Equipment, Net</b>	<b><u>\$ 71</u></b>	<b><u>\$ 85</u></b>

**Note 5 - Development Loans Receivable**

The Organization makes loans under the 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 30% and 25% of total assets as of June 30, 2022 and 2021, respectively.

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

	(In Thousands)	
	<u>2022</u>	<u>2021</u>
Receivables from individuals in Bangladesh	\$ 4,293	\$ 4,511
Less allowance for doubtful accounts-		
Beginning balance	(919)	(807)
Provision for loan losses	(45)	(134)
Adjustments to provision for loan losses	334	
Loans written off	<u>93</u>	<u>22</u>
Allowance balance	<u>(537)</u>	<u>(919)</u>
<b>Development Loans Receivable, Net</b>	<b><u>\$ 3,756</u></b>	<b><u>\$ 3,592</u></b>

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

	(In Thousands)	
	<u>2022</u>	<u>2021</u>
Less than one year	\$ 74	\$ 375
One to five years	<u>310</u>	<u>522</u>
<b>Total Loans Past Due</b>	<b><u>\$ 384</u></b>	<b><u>\$ 897</u></b>

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

**Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2022 and 2021**

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**Note 5 - Continued**

The average loan size was \$180 and \$194 as of June 30, 2022 and 2021 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, 2022.

The Organization holds approximately \$1,541,000 and \$1,710,000 in deposits against the loans from the individuals in the MLP at June 30, 2022 and 2021, 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 and are held by field operations.

**Note 6 - Gifts-in-Kind**

The Organization receives contributions of clothing, health supplies, and other commodities for use in its various programs and medicines at amounts 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 programs in Somalia and South Sudan.

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.

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

**Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2022 and 2021**

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**Note 6 - Continued**

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

	(In Thousands)	
	<u>2022</u>	<u>2021</u>
Medicines and medical supplies	\$ 1,061	\$ 178
Nutrition supplements, government grant	186	34
Advertising	<u>57</u>	<u>187</u>
<b>Total Gifts-in-Kind</b>	<b><u>\$ 1,304</u></b>	<b><u>\$ 399</u></b>

For years ended June 30, 2022, the Organization distributed approximately 2 million and 2 thousand deworming pills, respectively, to children and adults in several countries, including Haiti, Somalia, Bangladesh, and Kenya. For the year ended June 30, 2022, 96% of the total GIK revenue was from two donors. For the year ended June 30, 2021, 93% was from two donors.

**Note 7 - Commitments and Contingencies**

**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 2022 and 2021. 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 July 1, 2021, the Organization elected to reinstate employer matching contributions. Total employer contributions for the Organization's employees for the year ended June 30, 2022 totaled approximately \$24,000. The Organization had previously elected to suspend employer matching contributions from April 1, 2020 through June 30, 2021.

**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.

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

**Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2022 and 2021**

**Note 8 - Intra-Organization Transactions**

In the normal course of business, the Organization enters into transactions with CRISTA 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 for the years ended June 30:

	(In Thousands)	
	2022	2021
Expenses-		
Fundraising services	\$ 4,018	\$ 4,225
Management services	1,076	891
Other	3	10
<b>Total Expenses</b>	<b><u>\$ 5,097</u></b>	<b><u>\$ 5,126</u></b>

**Due To/From CRISTA** - Amounts due to or from CRISTA arise related to expenses incurred by the Organization. As of June 30, 2022 and 2021, \$172,000 and \$78,000, respectively, was due to the Organization from CRISTA. These amounts are reported as receivables on the consolidated balance sheets. There were no amounts due to CRISTA as of June 30, 2022 or 2021.

**Note 9 - 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)	
	2022	2021
Endowment net assets, beginning of year	\$ 4,226	\$ 4,856
Endowment investment return, net	(317)	452
Distributions	(1,084)	(1,082)
<b>Endowment Net Assets, End of Year</b>	<b><u>\$ 2,825</u></b>	<b><u>\$ 4,226</u></b>

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

**Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2022 and 2021**

**Note 9 - Continued**

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.

**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, 2022, as the Organization has no endowment funds to be held in perpetuity.

**Note 10 - 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)	
	2022	2021
Cash and cash equivalents	\$ 2,689	\$ 2,530
Grants receivable	738	517
Pledges receivable		52
Receivable from CRISTA Ministries	172	78
Investments	4,629	7,030
Total financial assets	8,228	10,207
Term endowment	(2,825)	(4,226)
<b>Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year</b>	<b>\$ 5,403</b>	<b>\$ 5,981</b>

Liquidity and reserves for World Concern are managed centrally by CRISTA. Financial assets available to meet cash needs of general expenditures are primarily carried by CRISTA. 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.

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

**Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2022 and 2021**

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**Note 10 - Continued**

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, and the overall liquidity of CRISTA can be called upon to ensure sufficient liquidity for World Concern's operations. CRISTA 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.

**SUPPLEMENTARY INFORMATION**



**WORLD CONCERN (A MINISTRY OF CRISTA MINISTRIES)  
AND WORLD CONCERN DEVELOPMENT ORGANIZATION**  
Consolidating Balance Sheet  
June 30, 2022  
(In Thousands)

	World Concern	World Concern Development Organization	Consolidation/ Eliminations	Total
<b>Assets</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 2,548	\$ 141	\$ -	\$ 2,689
Grants receivable	187	551		738
Receivable from World Concern		1,129	(1,129)	
Receivable from CRISTA Ministries	172			172
Donated program supply inventory		414		414
<b>Total Current Assets</b>	<b>2,907</b>	<b>2,235</b>	<b>(1,129)</b>	<b>4,013</b>
Investments	4,629			4,629
Property and equipment, net	71			71
Development loans receivable, net	3,756			3,756
Overseas assets	230			230
<b>Total Assets</b>	<b>\$ 11,593</b>	<b>\$ 2,235</b>	<b>\$ (1,129)</b>	<b>\$ 12,699</b>
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities:</b>				
Accounts payable and accrued expenses	\$ 2,846	\$ 31	\$ -	\$ 2,877
Grant advances	708	414		1,122
Payable to World Concern Development Organization	1,129		(1,129)	
<b>Total Current Liabilities</b>	<b>4,683</b>	<b>445</b>	<b>(1,129)</b>	<b>3,999</b>
<b>Net Assets:</b>				
Without donor restrictions-				
General	(93)	1,719		1,626
Represented by property and equipment owned by the Organization	71			71
Total net assets without donor restrictions	(22)	1,719		1,697
With donor restrictions-				
Term endowment	2,825			2,825
Restricted for program activities	4,107	71		4,178
Total net assets with donor restrictions	6,932	71		7,003
<b>Total Net Assets</b>	<b>6,910</b>	<b>1,790</b>		<b>8,700</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 11,593</b>	<b>\$ 2,235</b>	<b>\$ (1,129)</b>	<b>\$ 12,699</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, 2022**  
**(In Thousands)**

	World Concern	World Concern Development Organization	Total
<b>Revenues, Gains and Losses:</b>			
Contributions	\$ 6,861	\$ 109	\$ 6,970
Contributions released from restrictions	7,411		7,411
Government grants		2,504	2,504
Government grants, gifts-in-kind		186	186
Gifts-in-kind	1,118		1,118
Income on development loans	774		774
Miscellaneous income	12		12
Foreign currency exchange losses	(299)		(299)
<b>Total Revenues, Gains and Losses</b>	<b>15,877</b>	<b>2,799</b>	<b>18,676</b>
<b>Expenses:</b>			
Program services-			
Program	9,063	2,291	11,354
Gifts-in-kind	1,061		1,061
Gifts-in-kind, Government		186	186
Total program services	10,124	2,477	12,601
Supporting services-			
Fundraising and promotion:			
Fundraising and promotion	4,188		4,188
Gifts-in-kind	57		57
Management and general	1,279	326	1,605
Total supporting services	5,524	326	5,850
<b>Total Expenses</b>	<b>15,648</b>	<b>2,803</b>	<b>18,451</b>
<b>Change in Net Assets Without Donor Restrictions</b>	<b>229</b>	<b>(4)</b>	<b>225</b>
<b>Net Assets With Donor Restrictions:</b>			
Contributions	5,985	56	6,041
Contributions released from restrictions	(7,411)		(7,411)
Income on investments	88		88
Net realized and unrealized losses on investments	(405)		(405)
<b>Change in Net Assets With Donor Restrictions</b>	<b>(1,743)</b>	<b>56</b>	<b>(1,687)</b>
<b>Total Change in Net Assets</b>	<b>(1,514)</b>	<b>52</b>	<b>(1,462)</b>
Net assets, beginning of year	8,424	1,738	10,162
<b>Net Assets, End of Year</b>	<b>\$ 6,910</b>	<b>\$ 1,790</b>	<b>\$ 8,700</b>

See independent auditor's report.

**WORLD CONCERN DEVELOPMENT ORGANIZATION**

**Schedule of Functional Expenses  
For the Year Ended June 30, 2022  
(In Thousands)**

	Relief and Development Services	Management and General	Total
Salaries	\$ 827	\$ 108	\$ 935
Employee benefits	94		94
Program supplies	1,187		1,187
Travel	277	15	292
Professional services		10	10
Purchased services		173	173
Occupancy	37		37
Office expenses	42	4	46
Information technology	12	1	13
Conferences and training		3	3
Dues and fees	1	3	4
Insurance		9	9
<b>Total Expenses</b>	<b>\$ 2,477</b>	<b>\$ 326</b>	<b>\$ 2,803</b>

See independent auditor's report.