Report of Independent Auditors
and Consolidated Financial Statements
with Supplementary Information

CRISTA Ministries

June 30, 2024 and 2023

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Report of Independent Auditors

The Board of Trustees
CRISTA Ministries

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of CRISTA Ministries (the Organization), which comprise the consolidated balance sheets as of June 30, 2024 and 2023, and the related consolidated statements of changes in net assets without donor restriction, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the year 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 audit. 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing consolidated 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 within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 38 and 39 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.

Moss Adams LLP

Seattle, Washington
October 28, 2024

Consolidated Financial Statements

CRISTA Ministries
Consolidated Balance Sheets (in thousands)
June 30, 2024 and 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents		
Available for current ministries	$ 6,634	$ 5,317
Held for donor-restricted ministry purposes	543	950
Held by field operations	1,808	1,738
Total cash and cash equivalents	8,985	8,005
Grants receivable	533	400
Trade receivables, net	2,842	1,646
Note receivable, current portion	191	190
Short-term investments	844	745
Prepaid expenses and other assets	1,991	1,624
Donated project supply inventory	-	346
Total current assets	15,386	12,956
LONG-TERM INVESTMENTS		
Available for ministries	45,370	40,414
Endowment accounts	10,232	10,672
Other investments	366	366
Total long-term investments	55,968	51,452
Planned giving program assets	3,906	3,765
Property and equipment used in ministries, net	47,521	49,819
Assets held by field operations	3,649	3,828
Long-term note receivable, net	922	1,068
Right of use (ROU) operating lease assets	1,469	1,669
Deferred rent receivable	738	657
Total assets	$ 129,559	$ 125,214

See accompanying notes.

CRISTA Ministries
Consolidated Balance Sheets (in thousands)
June 30, 2024 and 2023

	2024	2023
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 9,458	$ 7,633
Accounts payable held in field offices	2,575	2,844
Deferred revenue	1,196	2,002
Grant advances	769	905
Current portion of long-term debt	1,126	1,088
Current portion of operating lease liabilities	311	311
Total current liabilities	15,435	14,783
OTHER LIABILITIES		
Long-term debt, net	3,531	4,633
Other long-term liabilities	396	360
Refundable entry fees	7,314	6,440
Deferred revenue, nonrefundable entry fees	8,453	7,515
Deposits and deferred revenue	322	302
Planned giving program obligations	1,316	1,358
Long term portion of operating lease liabilities	1,207	1,387
Total liabilities	37,974	36,778
NET ASSETS		
Without donor restrictions		
General	31,826	25,727
Represented by property, equipment, and ROU operating assets owned by the Organization, net of debt	42,864	44,098
Total net assets without donor restrictions	74,690	69,825
With donor restrictions		
Restricted for program activities	4,242	5,788
Restricted for capital acquisitions	57	80
The Organization’s portion of irrevocable trust agreements	29	29
Student financial aid and teacher excellence endowment	4,229	4,163
Senior living resident financial aid endowment	2,112	2,142
World Concern term endowment	1,062	1,820
Other (restricted for endowment funds)	2,829	2,547
Perpetual trust	2,335	2,042
Total net assets with donor restrictions	16,895	18,611
Total net assets	91,585	88,436
Total liabilities and net assets	$ 129,559	$ 125,214

See accompanying notes.

CRISTA Ministries
Consolidated Statements of Changes in Net Assets Without Donor Restrictions
(in thousands)
Years Ended June 30, 2024 and 2023

	2024	2023
REVENUES, GAINS, AND LOSSES		
Fees for services	$ 61,390	$ 53,822
Contributions	9,992	10,789
Contributions released from restrictions	10,655	10,074
Gifts-in-kind	1,162	1,096
Gifts-in-kind, U.S. government	346	286
Government grants	682	2,395
Other program revenue	881	1,195
Miscellaneous income	711	789
Investment return, net		
Income on investments	1,713	1,707
Net realized and unrealized gains on investments and planned giving program	3,467	648
Investment return, net	5,180	2,355
Foreign currency exchange losses	(270)	(351)
Total revenues, gains, and losses	90,729	82,450
EXPENSES		
Program services		
Program	65,935	63,851
Gifts-in-kind	1,083	1,084
Gifts-in-kind, U.S. government	346	286
Total program services	67,364	65,221
Fundraising		
Fundraising	4,922	4,496
Gifts-in-kind	7	11
Total fundraising	4,929	4,507
Management and and general		
Management and general	13,569	13,059
Gifts-in-kind	1	2
Total management and general	13,570	13,061
Total expenses	85,863	82,789
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$ 4,866	$ (339)

See accompanying notes.

CRISTA Ministries
Consolidated Statements of Changes in Net Assets (in thousands)
Years Ended June 30, 2024 and 2023

	2024	2023
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Total revenues, gains and losses	$ 80,074	$ 72,376
Contributions released from restrictions	10,655	10,074
Total expenses	(85,863)	(82,789)
Change in net assets without donor restrictions	4,866	(339)
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	7,327	7,479
Contributions released from restrictions	(10,655)	(10,074)
Investment return, net		
Income on investments	327	346
Net realized and unrealized gains on investments and planned giving program	1,284	255
Investment return, net	1,611	601
Change in net assets with donor restrictions	(1,717)	(1,994)
TOTAL CHANGE IN NET ASSETS	3,149	(2,333)
NET ASSETS, beginning of year	88,436	90,769
NET ASSETS, end of year	$ 91,585	$ 88,436

See accompanying notes.

CRISTA Ministries
Consolidated Statement of Functional Expenses (in thousands)
Year Ended June 30, 2024

	2024			
	Program Services	Fundraising	Management and General	Total
Salaries	$ 29,415	$ 1,821	$ 7,155	$ 38,391
Payroll taxes	2,365	132	645	3,142
Employee benefits	6,160	165	552	6,877
Professional services	778	590	768	2,136
Advertising and promotion	140	254	460	854
Office expenses	592	310	301	1,203
Information technology	567	144	547	1,258
Occupancy	4,952	-	295	5,247
Travel	1,059	119	149	1,327
Conferences and training	280	6	31	317
Interest	222	-	-	222
Depreciation and amortization	5,418	44	449	5,911
Insurance	2,137	116	978	3,231
Dues and fees	362	31	148	541
Purchased services	2,081	1,019	636	3,736
Taxes	256	20	100	376
Grants	124	-	-	124
Program supplies	10,427	158	174	10,759
Other	29	-	182	211
Total expenses	$ 67,364	$ 4,929	$ 13,570	$ 85,863

See accompanying notes.

CRISTA Ministries
Consolidated Statement of Functional Expenses (in thousands)
Year Ended June 30, 2023

	2023			
	Program Services	Fundraising	Management and General	Total
Salaries	$ 27,849	$ 1,708	$ 6,856	$ 36,413
Payroll taxes	2,011	129	553	2,693
Employee benefits	5,618	171	606	6,395
Professional services	690	598	899	2,187
Advertising and promotion	112	137	432	681
Office expenses	625	334	263	1,222
Information technology	388	155	418	961
Occupancy	4,905	-	255	5,160
Travel	1,418	96	130	1,644
Conferences and training	238	7	63	308
Interest	212	-	-	212
Depreciation and amortization	5,386	53	472	5,911
Insurance	1,959	116	873	2,948
Dues and fees	392	33	129	554
Purchased services	2,107	776	480	3,363
Taxes	246	21	159	426
Grants	32	-	64	96
Program supplies	11,033	173	149	11,355
Other	-	-	260	260
Total operating expenses	$ 65,221	$ 4,507	$ 13,061	$ 82,789

See accompanying notes.

CRISTA Ministries
Consolidated Statements of Cash Flows (in thousands)
Years Ended June 30, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 3,149	$ (2,333)
Adjustments to reconcile change in net assets to net net cash provided by operating activities		
Capital campaign contributions	(785)	(197)
Perpetual endowment contributions	(66)	(73)
Noncash changes		
Depreciation and amortization	5,911	5,911
Amortization of financing costs	24	24
Entry fees earned	(1,640)	(1,182)
Donated project supply inventory	346	68
Donated program supplies in grant advances	-	(68)
Net realized and unrealized gains on long-term investments and planned giving program	(3,749)	(1,050)
Change in allowance for development loans	24	99
Provision for allowance for credit losses	(9)	476
Noncash operating lease expense	200	415
Changes in assets and liabilities		
Grants receivable	(133)	328
Trade receivables	(1,187)	(66)
Prepaid expenses and other assets	(367)	(991)
Assets held by field operations	393	652
Deferred rent receivable	(81)	(218)
Accounts payable and accrued expenses	1,660	(222)
Other long-term liabilities	36	(450)
Operating lease liability	(181)	(385)
Deferred revenue, deposits and deferred rent	(786)	539
Grant advances	(136)	(149)
Planned giving program obligations	(42)	(53)
Nonrefundable entry fees received	2,493	2,618
Net cash provided by operating activities	5,074	3,693
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(13,914)	(11,738)
Proceeds from sale of investments	12,907	13,673
Principal payment received on note receivable	145	128
Acquisition of property and equipment	(3,613)	(2,869)
Issuances of development loans	(6,730)	(7,216)
Repayments of development loans	6,492	6,623
Net cash used by investing activities	(4,713)	(1,399)

See accompanying notes.

CRISTA Ministries
Consolidated Statements of Cash Flows (in thousands)
Years Ended June 30, 2024 and 2023

	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term obligations	$ (1,088)	$ (1,049)
Refundable entry fees received	2,029	1,589
Entry fee refunds paid	(1,174)	(534)
Proceeds from capital campaign contributions	785	196
Proceeds from perpetual endowment contributions	66	73
Net cash provided by financing activities	618	275
NET CHANGE IN CASH AND CASH EQUIVALENTS	979	2,569
CASH AND CASH EQUIVALENTS		
Beginning of year	8,005	5,436
End of year	$ 8,985	$ 8,005
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Cash paid during the year for interest	$ 212	$ 212
Right of use asset obtained in exchange for lease liabilities	$ 232	$ 2,084

See accompanying notes.

Note 1 – Nature of Operations and Significant Accounting Policies

Business purpose and organization – CRISTA Ministries, headquartered at 19303 Fremont Avenue North, Shoreline, Washington 98133-3800, is a Christian not-for-profit organization made up of five distinct ministries with one common purpose. CRISTA Ministries is a family of ministries empowered to serve the needs of the world with the Gospel of Jesus Christ. Its vision is to serve more than 3 million (unaudited) people annually through healthy and sustainable ministries and witness 700,000 (unaudited) new and growing disciples for Jesus Christ.

CRISTA Ministries was founded in 1948 as King's Garden. Today, its five ministries serving locally and internationally include King's Schools, CRISTA Senior Living, CRISTA Media, CRISTA Camps, and World Concern.

King's Schools – CRISTA Ministries serves youth and their families through King's Schools, which provides an exemplary Christian education for preschool through high school students. Located on a 55-acre campus in Shoreline, Washington, the vision is to inspire and transform the lives of students in a spiritually vital, caring school community that raises up future leaders for the glory of God. King's Schools is based on the four pillars of Christian Formation, Academic Excellence, Caring Community, and Solid Rock Foundation.

CRISTA Senior Living – CRISTA Ministries has two Life Plan Communities for seniors: Cristwood Park is located on its beautiful 55-acre campus just north of Seattle in Shoreline and Crista Shores is located on the shores of Dyes Inlet in Silverdale on the Olympic Peninsula. As a Life Plan Community, CRISTA Senior Living offers multiple levels of care including independent living, assisted living, and memory care. Every staff member is a believer in Christ, living out their faith through acts of service to residents who are loved and cared for in a Christ-like way and prayed for daily, with their needs addressed holistically.

CRISTA Media – One of the most powerful and far-reaching tools CRISTA Ministries has in sharing the Gospel is through the borderless ministry of CRISTA Media. Through media, the love of Christ meets the world's need for truth and hope in surprising ways. CRISTA Media includes three stations, each with its own style and audience: KCIS 630 AM reaches generations of listeners in Puget Sound with sound biblical teaching and traditional Christian music; SPIRIT 105.3 FM reaches listeners in the Pacific Northwest with popular Christian music and inspirational stories; and PRAISE 106.5 FM reaches listeners in Southern B.C. and Northwest Washington with popular Christian music and inspirational stories.

CRISTA Camps – Located on the beautiful Olympic Peninsula, CRISTA Ministries' Miracle Ranch provides day and overnight camps, horse camps, and camps for kids with parents in the military, as well as hosting guest groups, outdoor education for local schools, therapeutic horse riding for the special needs community, and pastor retreats. Activities offered include horsemanship and riding lessons, waterfront activities, paintball, high ropes courses, archery, disc golf, a rock wall, field and court sports, a petting zoo, a game room, and arts & crafts. Woven through the fun and nurturing that occurs at Miracle Ranch is the Gospel, lived out and spoken, bringing thousands of kids and adults into a relationship with Jesus Christ each year.

World Concern – World Concern is the international relief and development arm of the CRISTA Family of Ministries. Working in some of the hardest places of the world, its One Village Transformed program partners with villages, empowering them on a six-to-eight-year journey toward attaining goals of better nutrition, clean water, education, economic resources, and healthcare. Along the way, they pray for spiritual transformation as the people become receptive to the Gospel and find new life in Christ.

World Concern Development Organization (WCDO) – WCDO a separate not-for-profit organization shares common facilities and management with World Concern. WCDO is responsible for administering governmental and other grants. It is reported in these consolidated financial statements as part of World Concern.

CRISTA Ministries Canada (CRISTA Canada) is a not-for-profit organization incorporated under the Canada Corporation Act and registered as a Charitable Organization. CRISTA Canada has an agreement with CRISTA Media to provide programming designed to support individuals in their commitment to practice their Christian beliefs and live the Christian life. CRISTA Canada also has an agreement with World Concern to help provide for the spiritual and physical needs of families in the poorest countries of the world.

Principles of consolidation – The consolidated financial statements include the accounts of CRISTA Ministries, WCDO, and CRISTA Canada (collectively, the Organization). These organizations have a board appointed by CRISTA Ministries with members that are also on the CRISTA Ministries board and/or operations of the entity are 100% directed to support the ministries of CRISTA Ministries. All significant inter-organization transactions have been eliminated upon consolidation.

Use of estimates – The preparation of consolidated financial statements in accordance 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 at the time of purchase. Such investments are considered to be cash equivalents, except for those included in the Organization’s investment portfolio and subject to its investment policy.

Cash held by field operations – Cash held by field operations represents cash forwarded to project field sites for use in carrying out ministry activities.

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 credit losses was not recorded at June 30, 2024 and 2023.

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 pledge expense and a credit to a valuation allowance based on historical trends. There was no pledge receivable balance nor a related allowance for doubtful account at June 30, 2024 and 2023.

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.

Trade receivables – Trade receivables 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 bad debt expense and a credit to trade receivables. The allowance for credit losses was $476,000 and $467,000 at June 30, 2024 and 2023, respectively. Trade receivables are not secured.

Note receivable – The note receivable consists of a note for the sale of the Crosspoint Academy building (Note 12). The note is recorded at its outstanding principal balance. Management considers the outstanding balance to be fully collectible and has, therefore, not recorded an allowance against the note. The note receivable is not secured.

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 dated received and are evaluated for impairment and obsolescence (Note 9).

Investments and planned giving program assets – Investments and planned giving program assets consist primarily of marketable debt and equity securities, mutual funds, alternative strategies, private equity, nonmarketable securities, and an interest in a perpetual trust. Investments in mutual funds, marketable securities, real estate investment trust, and the perpetual trust are stated at fair value. Investments in alternative strategies and private equity are reported at their net asset value. Investments in nonmarketable securities are valued at cost. 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 balance sheets.

Captive Insurance company – The Organization has contracted with a captive insurance company to insure against professional liability, property damage, and business income/extra expense, and to reinsure against a portion of its general liability, auto liability, and physical damage. The Organization owns a noncontrolling share of the common stock of the captive insurance company and is accounting for this investment at cost less impairment, plus or minus changes in fair value as a result of observable price changes that occur in orderly transactions for identical or similar investments of the same issuer, in accordance with U.S. GAAP. The value of this investment in the amount of $366,000 at June 30, 2024 and 2023, is included in investments.

Property and equipment used in ministries and depreciation – The Organization capitalizes assets with a cost greater than $5,000 and an estimated useful life of three or more years for equipment, and $5,000 and an estimated useful life of five years for property and improvements. 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:

Building, improvements, and leasehold improvements	5–50 years
Furniture and equipment	3–10 years
Vehicles	3–7 years

Development loans receivable – Development loans receivable represent loans outstanding under the Micro-Enterprises 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 and included in assets held by field operations on the consolidated balance sheets (Note 8).

Leases – The Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 842, *Leases* (Topic 842), effective July 1, 2022, using the modified retrospective approach and did not adjust comparative periods as allowed by the standard.

Transactions give rise to leases when the Organization receives substantially all the economic benefits from and has the ability to direct the use of specified property and equipment. The Organization determines if an arrangement is a lease at inception.

Right-of-use (ROU) assets represent the Organization’s right to use, or control the use of, a specified asset for the lease term. Lease liabilities are the Organization’s obligation to make lease payments arising from a lease and are measured on a discounted basis. Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term on the commencement date. The operating lease ROU asset includes any lease payments made and initial direct costs incurred and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for minimum lease payments continues to be recognized on a straight-line basis over the lease term.

The adoption had a material impact on the Organization's consolidated balance sheet and consolidated statement of changes in net assets without donor restriction. The most significant impact was the recognition of an operating ROU asset and operating lease liability. Adoption of the standard required the Organization to adjust amounts as of July 1, 2022, resulting in an increase in operating ROU assets of $2,023,000 and increase in operating lease liability of $2,022,000.

Grant advances – Grant advances consist of funds and gifts-in-kind 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.

Deferred revenue – Cash from certain fees for services is received prior to the Organization providing the intended program services. These revenues are deferred until the period in which the services are rendered.

Long-term liabilities – Long-term liabilities consist of liabilities due from the Organization more than a year from the consolidated balance sheet date. These liabilities include discontinued operation obligations including estimated future costs related to discontinued lines of business, deferred portion of employer social security, and workers' compensation (Note 13).

Financing costs – Financing costs are recorded as a deduction from the related debt liability on the consolidated balance sheets. Financing costs are amortized over the term of the applicable debt using the straight-line method. U.S. GAAP requires that the effective yield method be used to amortize finance costs; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective yield method. Amortization of financing costs is included as a component of interest expense on the consolidated statements of functional expenses.

Entry fees – Entry fees represent advance payment for use of retirement facilities. Entry fees are subject to contractual refunds upon death or other termination of residency. The refunds on a majority of the contracts range from 0% to 50% of the entry fees paid, depending upon length of residency. Refundable entry fees are reported as a liability on the consolidated balance sheets. The balance of refundable entry fees at June 30, 2024 and 2023, was $7,314,000 and $6,440,000, respectively. The nonrefundable portion of the entry fee is considered deferred revenue and is amortized to income based upon the life expectancy of the residents per the United States Social Security Administration's Actuarial Life Table. The balance of nonrefundable entry fees at June 30, 2024 and 2023, was $8,453,000 and $7,515,000, respectively. Due to the discontinuation of the Organization's skilled nursing facility in August 2020, certain services previously provided in-house may need to be outsourced to fulfill the Organization's performance obligations to residents. The estimated amount, based on past experience of days of service, totaled approximately $1,319,000 and $1,078,000 as of June 30, 2024 and 2023, respectively, and is included in accounts payable and accrued expenses on the consolidated balance sheet.

The present value of the net cost of future services to current residents is calculated annually to determine if an unfunded liability for those services should be recorded. A discount rate of 6% was used as of June 30, 2024 and 2023. No unfunded liability exists for obligations to provide future services as of June 30, 2024 and 2023.

Advertising costs – Advertising costs are expenses as incurred. Advertising costs amounts to $854,000 and $681,000 in the years ending June 30, 2024 and 2023, respectively.

Concentration of credit risk – Financial instruments that potentially subject the Organization to concentration of credit risk consist primarily of receivables, cash and cash equivalents, investments, and development loans receivable (Note 8). As of June 30, 2024 and 2023, concentration of credit risk with respect to receivables is limited due to a large base of customers consisting of public and private companies representing a variety of industries, government agencies, and individuals in the Pacific Northwest. Cash and cash equivalents are held with banks located in and outside of the United States. As of June 30, 2024 and 2023, 25% and 27%, respectively, of cash and cash equivalents are held in banks outside of the United States. Investments are held with a variety of financial institutions. Cash, cash equivalents, and investment balances may at times exceed Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC) insurance limits. Development loans receivable are due from a large number of loans granted under the Organization's MLP in Bangladesh.

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 that 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 perpetually by the Organization.

Revenues are reported as increases in net assets without donor restrictions unless 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 with donor restrictions are initially recorded as net assets with donor restrictions and when contributions are satisfied, including those satisfied in the same year, they are then reported as revenue without donor restrictions. Net assets released from restriction are primarily for the satisfaction of donor-imposed program restrictions.

Contributions that the donor requires to be used to acquire long-lived assets (e.g., building improvements, furniture, and equipment) are reported as net assets with donor restrictions. The Organization reflects the expiration of the donor-imposed restriction as a reclassification included in contributions released from restrictions when the asset is placed into service.

Foreign currency translation – The functional currency of CRISTA Canada is the Canadian dollar and World Concern's field offices is the local currency in which the office is 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. Translation adjustments are included in the consolidated statements of changes in net assets without donor restrictions.

Fees for services revenue recognition – Fees for services revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services. These amounts are due from residents, third-party payors and others purchasing the Organization’s services.

Senior Living – Senior Living recognizes revenue based on the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services. Revenues from health-related services are reflected at estimated net realizable amounts from patients and third-party payors, which includes the Medicaid and Medicare programs. Generally, the Organization bills patients and third-party payors the month after the services are performed. Revenue is recognized as performance obligations are satisfied. Laws and regulations governing the Medicaid and Medicare programs are extremely complex and subject to interpretation. As a result, there is a possibility that recorded estimates may change. Residents are charged resident stay fees in advance, typically the 15th day of the prior month, and revenue is recognized during the month in which the residence is occupied. Revenue for ancillary services is also billed in advance based on the prior month’s actual charges, and revenue is recognized the following month as actual charges are incurred and the Organization has satisfied its performance obligations. Residents may vacate their unit, or the Organization can modify the monthly residence charge; therefore, the residence agreements are considered month-to-month contracts.

King’s Schools – Tuition revenue is recognized ratably over the applicable academic year in which the related education instruction is provided. Full annual tuition is billed in advance of the academic year and is due prior to the first day of classes. King’s schools use continuous enrollment, once a child is enrolled at King’s schools their enrollment continues and automatically renews from one school year to the next. Every year there is an opt-out period during which the child’s continuous enrollment may be ended with written notification to King’s schools for each child enrolled. Tuition and fees received for the next academic year are reported as deferred revenue of the consolidated balance sheets until the academic year commences.

Media – Revenue from media placements with the Organization’s radio stations is recognized when the spot is aired. Media fees are billed monthly based on the amount of airtime consumed. Customers generally enter into contracts to purchase several media placements; however, the contracts are cancellable with two weeks of advance notification.

Camps – Revenue from camp fees is recognized in the month in which the camp or conference commences. The Organization charges campers and other customers using the facilities a deposit at the time a contract is signed, and deposits are recorded as deferred revenue until the event occurs and revenue is recognized.

Other program revenue – Other program revenue consists primarily of interest earned on the Micro-Enterprise Loan Program. Interest is recognized each month based on the applicable interest rates on the loans.

Grants, contributions, and gifts-in-kind revenue recognition –

Grants and contributions – Revenue from grants and contributions is recognized when the donor-imposed conditions, if any, have been met. Conditional grants are not recognized as revenues until the conditions on which they depend have been met. U.S. federal government grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Payments received prior to the conditions being met are recorded as grant advances on the consolidated balance sheets. Conditional grants committed but outstanding totaled approximately $3,744,000 and $3,590,000 as of June 30, 2024 and 2023, respectively, and are expected to be recognized as revenue during the next three years.

Gifts-in-kind – Nonfinancial gifts of medicine, nutrition supplements, clothing, agricultural supplies, medical supplies, and other commodities are donated to the Organization for distribution, or use in overseas development projects, or for internal use. Such gifts are recorded at estimated fair value on the date received, except for food commodities (Note 9). Food commodities, consisting of nutrition supplements, are received from the U.S. federal government and are considered conditional grants. Therefore, revenue for the nutrition 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 program or supporting services, such as management and general and fundraising, of the Organization. Those expenses include the Executive Office, ministry management departments, 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 network accounts. Facility expenses are allocated based upon workorders. Security, housekeeping, and ground expenses are allocated based upon square footage.

Income taxes – The Internal Revenue Service (IRS) has determined that CRISTA Ministries and WCDO are exempt from federal income taxes under Sections 501(c)(3) and 509(a)(1) of the Internal Revenue Code except to the extent of unrelated business taxable income as defined under IRC sections 511 through 515. The Organization recognizes the tax benefit from uncertain tax positions only if it is more likely than not the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Organization recognizes interest and penalties related to income tax matters in operating expenses.

The Organization had no unrecognized tax benefits at June 30, 2024 and 2023. No interest or penalties were accrued for the years ended June 30, 2024 and 2023. The Organization files an exempt organization return in the U.S. federal jurisdiction.

CRISTA Canada is registered as a Charitable Organization under tax laws established by the Canada Revenue Agency. It had no taxable income for the years ended June 30, 2024 and 2023. CRISTA Canada had no uncertain tax positions as of June 30, 2024 or 2023.

Recent accounting pronouncement – In June 2016, the FASB issued ASU 2016-13*, Financial Instruments – Credit Losses (Topic 326): Financial Instruments—Credit Losses*, which introduced an expected credit loss methodology for the measurement and recognition of credit losses on most financial assets, including trade accounts receivable. The expected credit loss methodology under ASU 2016-13 is based on historical experience, current conditions, and reasonable and supportable forecasts, and replaces the probable/incurred loss model for measuring and recognizing expected losses under current U.S. GAAP. The ASU also requires disclosure of information regarding how an entity developed its allowance, including changes in the factors that influenced management's estimate of expected credit losses and the reasons for those changes. The ASU was adopted by the Organization on July 1 , 2023, and did not have a material impact on management's estimate of the allowance for credit losses for accounts receivable.

Allowances for credit losses are established based on historical collection experience as well as management's evaluation of, among other factors, current and reasonably supportable expected future economic conditions and the individual client's willingness to pay. Receivables are written off when deemed uncollectible.

Note 2 – Revenues from Contracts with Customers and Accounts Receivable

Revenues from contracts with customers were recognized as follows for the years ended June 30, 2024 and 2023 (in thousands):

	2024		2023	
	Amount	Percent of Service Revenue	Amount	Percent of Service Revenue
Goods and services transferred at a point in time	$ 38,834	63%	$ 34,354	65%
Services transferred over time	22,556	37%	19,468	35%
Total fees for service revenue	$ 61,390	100%	$ 53,822	100%

Goods and services transferred over time consist of amortization of entrance fees and school tuition.

Major components of accounts receivable include third-party payor reimbursement receivable, including Medicare and Medicaid, private pay, and receivables from other ministry revenue as of June 30, 2024 and 2023 (in thousands):

	2024	2023
Trade receivables from contracts with customers		
Third-party payor reimbursements receivable	$ 287	$ 368
Private pay by customers	1,005	1,107
	1,292	1,475
Allowance for credit losses	(476)	(467)
Trade receivables from contracts with customers, net	816	1,008
Trade receivables from other venues	2,026	638
Trade receivables, net	$ 2,842	$ 1,646

For the years ended June 30, 2024 and 2023, the Organization's policy for assessing the timing and amount of uncollectible accounts receivable is first by specific identification of uncollectible accounts, followed by a general allowance based on the age of the remaining accounts receivable, historical collections, current and reasonably supportable expected future economic conditions, and the individual client's willingness to pay. (in thousands):

	2024	2023
Beginning balance of allowance for credit losses	$ 467	$ 943
Balances written off	(35)	(661)
Provision for bad debt	44	185
Ending balance of allowance for credit losses	$ 476	$ 467

Deferred revenues primarily represent advance payments made for customers in the following ministries (in thousands) at June 30:

	2024	2023
King's schools	$ 263	$ 831
Senior living	467	687
Camps	402	377
Media	64	107
Deferred revenues	$ 1,196	$ 2,002

Note 3 – Cash and Cash Equivalents

Cash and cash equivalents consisted of the following as of June 30, 2024 and 2023 (in thousands):

	2024	2023
Cash	$ 3,153	$ 2,732
Money market, CDs, and other	5,832	5,273
Total cash and cash equivalents	$ 8,985	$ 8,005

Cash and cash equivalents include approximately $2,217,000 and $2,128,000 as of June 30, 2024 and 2023, respectively, of funds on deposit in banks in foreign countries.

Note 4 – Investments and Planned Giving Program Assets

Investments and planned giving program assets consist of the following as of June 30, 2024 and 2023 (in thousands):

	2024	2023
Cash and cash equivalents (at cost)	$ 1,058	$ 2,236
Marketable equity securities	24,900	20,050
Marketable debt securities	18,937	19,634
Alternative strategies	2,315	1,461
Private equities	9,236	8,450
Nonmarket equity securities (at cost)	366	366
	56,812	52,197
Planned giving program assets		
Cash and cash equivalents (at cost)	26	24
Marketable equity securities	1,102	1,171
Marketable debt securities	443	528
Beneficial interest in perpetual trust held by third party	2,335	2,042
Total	$ 60,718	$ 55,962

Investments are classified on the consolidated balance sheet as the following as of June 30, 2024 and 2023 (in thousands):

	2024	2023
Short-term investments	$ 844	$ 745
Long-term investments	55,968	51,452
Total investments	$ 56,812	$ 52,197

Note 5 – 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 and at net asset value. There have been no changes in the methodologies used at June 30, 2024 and 2023:

Mutual funds stated at fair value – Valued at quoted market prices in active markets.

Corporate/municipal/education bonds – Valued using bid valuations from similar instruments in actively traded markets.

Perpetual trust – Valued at the Organization's share of the trust's assets, which are reported at fair value.

Private equity and alternative strategies – 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 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. The fair value amounts presented are intended to permit reconciliation of the fair value hierarchy to the line items presented in the balance sheets.

Assets recorded at fair value on a recurring basis were as follows as of June 30, 2024 (in thousands):

	Level 1	Level 2	Level 3	Total
Equity mutual funds	$ 26,001	$ -	$ -	$ 26,001
Fixed income mutual funds	16,681	-	-	16,681
Total mutual funds	42,682	-	-	42,682
Alternative funds	2,316	-	-	2,316
Corporate bonds	-	2,656	-	2,656
Municipal and education bonds	43	-	-	43
Perpetual trust held by third party	-	-	2,335	2,335
Total investments in the fair value hierarchy	$ 45,041	$ 2,656	$ 2,335	50,032
Private equity investments measured at NAV				9,236
Total				$ 59,268

Assets recorded at fair value on a recurring basis were as follows as of June 30, 2023 (in thousands):

	Level 1	Level 2	Level 3	Total
Equity mutual funds	$ 21,220	$ -	$ -	$ 21,220
Fixed income mutual funds	18,005	-	-	18,005
Total mutual funds	39,225	-	-	39,225
Alternative funds	1,461	-	-	1,461
Corporate bonds	-	2,113	-	2,113
Municipal and education bonds	45	-	-	45
Perpetual trust held by third party	-	-	2,042	2,042
Total investments in the fair value hierarchy	$ 40,731	$ 2,113	$ 2,042	44,886
Private equity investments measured at NAV				8,450
Total				$ 53,336

The following tables list investments in private equity for which fair value is measured using the NAV per share practical expedient, summarizes significant terms of the agreements with certain investment companies, and discloses unfunded investment commitments as of June 30, 2024 and 2023 (in thousands):

Strategy	Fair Value June 30, 2024	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Other Restrictions
Private equity					
Limited partnerships and limited liability company	$ 9,236	$ 3,042	Not currently redeemable	Not currently redeemable	Not currently redeemable

Strategy	Fair Value June 30, 2023	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Other Restrictions
Private equity					
Limited partnerships and limited liability company	$ 8,450	$ 3,659	Not currently redeemable	Not currently redeemable	Not currently redeemable

Private equity investment consists of limited partnerships and a limited liability company with diversified strategies that invest in domestic and global securities and are available to institutional investors.

The perpetual trust held by a third party represents the Organization's interest in trust assets (Note 9). Annual distributions are made from the trust by the trustees; therefore, no redemption terms or restrictions apply.

The Organization had no purchases, sales, or transfers into or out of Level 3 investments during the fiscal years ended June 30, 2024 and 2023.

Note 6 – Property and Equipment Used in Ministries

Property and equipment used in ministries consist of the following as of June 30, 2024 and 2023 (in thousands):

	2024	2023
Land and land improvements	$ 6,634	$ 6,124
Buildings, improvements and lease improvements	131,474	129,998
Furniture, equipment, and other	13,798	16,497
Construction in progress	1,114	1,393
Total depreciable property and equipment before depreciation	153,020	154,012
Less accumulated depreciation	(105,499)	(104,193)
Property and equipment, net	$ 47,521	$ 49,819

Note 7 – Planned Giving Program

Irrevocable trusts – The Organization is a beneficiary of irrevocable unitrusts, and testamentary trusts administered by the Organization. The trusts provide for annual distributions of 6% of the value of trust assets to be paid to the trust grantors. The trusts all terminate upon the death of the various grantors, at which time the remaining assets will be distributed to the Organization and other beneficiaries. The trust assets are valued at fair value and totaled approximately $151,000 and $146,000 at June 30, 2024 and 2023, respectively. The trust liabilities are valued at the present value of the estimated future distributions to be paid to the trust grantors discounted at rates of 6% and totaled approximately $122,000 and $117,000 and at June 30, 2024 and 2023, respectively.

When trusts are initially established, the Organization records contribution revenue with donor restrictions equal to the value of trust assets received less the trust liability. The Organization recorded a gain of approximately $8,000 during the years ended June 30, 2024 and 2023, related to the change in trust assets and liabilities. This gain is included in the donor restricted net realized and unrealized gains or losses on investments on the consolidated statement of changes in net assets. There were no contributions to irrevocable trusts during the years ended June 30, 2024 and 2023.

Annuities – The Organization administers gift annuities for which it is obligated to make periodic distributions to designated beneficiaries. When contributed assets are initially received, the assets are recorded at fair value as general assets of the Organization, and donor-restricted contribution revenue is recorded equal to the value of contributed assets received less the annuity liability. The fair value of annuity assets totaled approximately $1,420,000 and $1,577,000 as of June 30, 2024 and 2023, respectively. The present values of the payments due to the beneficiaries are recorded as liabilities and totaled approximately $1,194,000 and $1,240,000 as of June 30, 2024 and 2023, respectively. Net present values are calculated based on the expected lives of the beneficiaries and using the applicable federal discount rate at the date of the gift. The annuity liability is revalued annually based upon actuarially computed present values. The segregated funds the Organization maintains exceed the actuarial value of the annuity liability by at least 10% as required by Washington state law. In compliance with Washington state law requirements, the Organization has included the consolidating balance sheet as supplementary information on pages 38 and 39.

Perpetual trust – The Organization is named as one of several beneficiaries of a perpetual trust. Under the terms of the trust, an independent trustee will make annual distributions, in perpetuity, to the Organization based upon the Organization's 3% percent share of the trust assets' fair value. That share totaled approximately $2,335,000 and $2,042,000 at June 30, 2024 and 2023, respectively, and is included in net assets with donor restrictions. The Organization received distributions totaling approximately $82,000 and $93,000 for the years ended June 30, 2024 and 2023, respectively. The distributions are available for general operations. Changes in the value of the underlying assets of approximately $293,000 and $166,000 for the years ended June 30, 2024 and 2023, respectively, have been recorded in the accompanying consolidated statements of changes in net assets with donor restrictions as net realized and unrealized gains (losses) on investments.

Planned giving program assets were as follows as of June 30, 2024 and 2023 (in thousands):

	2024	2023
Irrevocable trusts	$ 151	$ 146
Annuities	1,420	1,577
Perpetual trust	2,335	2,042
Total planned giving assets	$ 3,906	$ 3,765

Planned giving program liabilities were as follows as of June 30, 2024 and 2023 (in thousands):

	2024	2023
Irrevocable trusts	$ 122	$ 117
Annuities	1,194	1,240
Total planned giving liabilities	$ 1,316	$ 1,357

Note 8 – Development Loans Receivable and Assets Held by Field Operations

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 restricted contributions, and amounts collected on these loans are reinvested in the MLP to fund future loans. The MLP balance is included in the consolidated balance sheet as a part of assets held by field operations.

Development loans receivable and the allowance for credit losses were as follows as of June 30, 2024 and 2023 (in thousands):

	2024	2023
Receivables from individuals in Bangladesh	$ 4,183	$ 4,293
Less allowance for credit losses		
Beginning balance	(636)	(537)
Provision for loan losses	(67)	(32)
Adjustments	25	(67)
Loans written off	18	-
Allowance balance	(660)	(636)
Microloans receivable, net	$ 3,523	$ 3,657

The following amounts were past due under the MLP as of June 30, 2024 and 2023 (in thousands):

	2024	2023
Less than one year	$ 83	$ 43
One to five years	275	298
Total loans past due	$ 358	$ 341

The average loan size was $285 and $277 at June 30, 2024 and 2023, respectively. Maturities on the loans range from two months to two years, and interest rates range from 13.4% to 24%. Allowances for credit losses 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 credit losses.

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, 2024 and 2023.

The Organization holds approximately $1,478,000 and $1,527,000 in deposits against the loans from the individuals in the MLP at June 30, 2024 and 2023, 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 sheet as a part of accounts payable held in field operations.

A summary of assets held by field operations is as follows for the years ended June 30, 2024 and 2023 (in thousands):

	2024	2023
Microloans receivable, net	$ 3,523	$ 3,657
Other overseas assets	126	171
Assets held by field operations	$ 3,649	$ 3,828

Note 9 – Gifts-in-Kind

The Organization receives contributions of clothing, health supplies, and other commodities for use in its various programs, and purchases medicines at prices significantly below fair value. Such gifts are recorded as donated project supply inventory and revenue at the time received and as a reduction of donated project 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 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 non-financial 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 population. Such industry standards are subject to review and adjustment; therefore, estimates of the fair value of donated medicines may vary in the future.

The fair values of other supplies are based on estimated retail values on the date received. The fair value of marketing is based on published retail prices for the Pacific Northwest region on the date received.

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. There were no restricted GIK as of June 30, 2024 or 2023.

A summary of GIK revenue is as follows for the years ended June 30, 2024 and 2023 (in thousands):

	2024	2023
Medicines and medical supplies	$ 1,071	$ 1,069
Nutrition supplies from the U.S. federal government	346	286
Real Estate Share	72	-
Other supplies	14	15
Advertising	5	12
Total gifts-in-kind revenue	$ 1,508	$ 1,382

For the years ended June 30, 2024 and 2023, the Organization distributed approximately 2,018,000 and 2,022,000 (unaudited), respectively, deworming pills to children and adults in several countries, including Haiti, Somalia, and Kenya. For the year ended June 30, 2024, 94% of the GIK was received from two donors. For the year ended June 30, 2023, 98% of the GIK was received from two donors.

Note 10 – Long-Term Debt

Long-term debt consisted of the following as of June 30, 2024 and 2023 (in thousands):

	2024	2023
Tax exempt private placement bonds reissued in October 2015 to refinance prior bonds issued in December 2010, and provide for refurbishment of senior living facilities. Monthly principal payments totaling \$79,600 to \$97,500 are due through January 1, 2026.	$ 1,710	$ 2,798
Tax exempt private placement bonds issued in October 2015 to provide for refurbishment of senior living facilities. Interest payments are due in monthly installments through October 1, 2030. Monthly principal payments totaling \$48,200 to \$59,300 begin February 1, 2026, through October 1, 2030.	3,000	3,000
	4,710	5,798
Less unamortized financing costs	(53)	(77)
Long-term debt, net	4,657	5,721
Less current portion	(1,126)	(1,088)
Total long-term debt	$ 3,531	$ 4,633

Interest expense was approximately $222,000 and $212,000 for the years ended June 30, 2024 and 2023, respectively.

In October 2015, the Organization issued through the Washington State Housing Finance Commission (WSHFC) tax exempt Series 2015 bonds in the amount of $3,000,000. The Organization also reissued, through the WSHFC, tax exempt Series 2010 bonds. The tax-exempt bonds are secured by land, buildings, and equipment with aggregate net book values of $9,750,000 and $10,331,000 at June 30, 2024 and 2023, respectively.

The Organization amended its Financing Agreements with the fiscal agent for the Series 2015 bonds on April 7, 2023, to modify the fixed interest rates in accordance with the bond notes. The Series 2010 bonds bear interest at 2.86% per annum as of June 30, 2024. The Series 2015 bonds bear interest at 4.91% per annum as of June 30, 2024. The maturity dates for the Series 2010 and 2015 bonds were not modified.

The Series 2010 and 2015 bonds contain restrictive covenants that require the achievement of certain financial ratios.

Principal maturities on long-term obligations are as follows for the years ended June 30:

2025	$	1,129
2026		873
2027		604
2028		632
2029		661
Thereafter		810
Total principal maturities		4,710
Less unamortized financing costs		(53)
Total long-term debt	$	4,657

The Organization has a line of credit agreement expiring June 27, 2025, that provides for a total commitment of $5,000,000 as of June 30, 2024. The line of credit bears a variable interest rate of 3.00% per annum plus the Adjusted SOFR Rate Advance of 1.75% per annum. There were no draws on the line of credit for the years ended June 30, 2024 or 2023. The Organization was in compliance with covenants on the line of credit agreement during fiscal years 2024 and 2023.

Note 11 – Endowment Funds

The Organization's endowment consists of a number of funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds restricted to be held in perpetuity, and funds set up to function as endowments but allowing for the possibility of spending of corpus and no restriction to hold in perpetuity, which are reported inclusive of related accumulated earnings. As required by U.S. GAAP and as disclosed below, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Organization has reviewed the Washington State Prudent Management of Institutional Funds Act (PMIFA) and, having considered its rights and obligations thereunder, has determined that it is desirable to preserve, on a long-term basis, the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this determination, the Organization classifies as donor-restricted net assets the original value of gifts to the perpetual endowment, the original value of subsequent gifts to the perpetual endowment, and accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument. The remaining portion of the donor-restricted endowment fund that is not classified as perpetual endowments is classified as non-perpetual endowment until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by PMIFA or specific donor instruction.

In accordance with PMIFA, the Organization considers the:

- Duration and preservation of the fund;
- Purposes of the Organization and the donor-restricted endowment fund;
- General economic conditions;
- Possible effect of inflation and deflation;
- Expected total return from income and the appreciation of investments;
- Other resources of the Organization; and
- Investment policies of the Organization.

Endowment net assets consisted of the following as of June 30, 2024 and 2023 (in thousands):

	2024	2023
Perpetual endowment funds		
Original donor-restricted gift amount	$ 6,306	$ 6,306
Accumulated investment gains	472	325
	6,778	6,631
Nonperpetual endowment funds	3,454	4,041
Total endowment funds	$ 10,232	$ 10,672

Changes to endowment net assets are as follows for the years ended June 30, 2024 and 2023 (in thousands):

	2024	2023
Endowment net assets, beginning of year	$ 10,672	$ 12,088
Endowment investment return, net	1,310	598
Donor reclassifications	(31)	-
Contributions	74	77
Distributions	(1,793)	(2,091)
Endowment net assets	$ 10,232	$ 10,672

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 a not-for-profit to retain as a fund of perpetual duration. Deficiencies of this nature had an original value of approximately $1,289,000, a current fair value of approximately $1,186,000, and a deficiency of approximately $103,000 at June 30, 2024. Deficiencies of this nature had an original value of approximately $1,289,000, a current fair value of approximately $1,104,000, and a deficiency of approximately $186,000 at June 30, 2023. The Organization’s policy is to not spend on endowments with deficiencies unless otherwise instructed by the donor.

The Organization has adopted investment and spending 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 in perpetuity, for a donor specified period, or for long-term funding of programs. 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 8%, or total return of Consumer Price Index plus 5%, 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.

The Organization has a policy of appropriating for distribution, absent specific donor instructions, approximately 5% of the market value of endowment assets on an annual basis. In establishing this policy, the Organization considered the long-term expected return on its endowment and its desire to maintain a predictable stream of funding to programs supported by its endowment assets. Accordingly, over the long-term, the Organization expects the current spending policy to allow its endowment to grow at an average 3% annually. This is consistent with the Organization's objective to provide real growth to its endowment through new gifts and investment returns.

During the year ended June 30, 2018, the Organization received a donor-restricted term endowment with an original balance of $6,600,000. 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. The balance of the term endowment was approximately $1,062,000 and $1,820,000 as of June 30, 2024 and 2023, respectively.

Note 12 – Long-Term Note Receivable

The Organization has a seller-financed note receivable due from Crosspoint Academy related to the sale of a building. The note bears interest at 5% per annum. Annual installment payments of not less than $150,000 per year began September 1, 2017, and continued through September 1, 2021, at which time installment payments of not less than $200,000 began and continue until the note is paid in full. The outstanding balance of the note totaled $1,113,000 and $1,258,000 as of June 30, 2024 and 2023, respectively, as reflected on the consolidated balance sheet.

Note 13 – Commitments and Contingencies

Leases – The Organization has leases for office space from unrelated parties locally and internationally under operating leases expiring at various dates through August 2032. Variable expenses generally represent the Organization's share of the landlord's operating expenses. The Organization determined the likelihood of exercising lease extension options as reasonably or not reasonably certain depending on the lease. The risk-free rate was used as the discount rate in determining the ROU asset and lease liabilities at the commencement date of leases as of July 1, 2022, for leases existing before the implementation of Topic 842. The Organization has made an accounting policy election not to recognize right-of-use assets and lease liabilities that arise from short-term leases for any class of underlying asset.

The Organization does not act as a lessor. The weighted average discount rate for operating leases as of June 30, 2024 and 2023, was 3.7% and 3.66%, respectively. The weighted average remaining lease term for operating leases as of June 30, 2024 and 2023, was 6.17 and 6.97 years, respectively.

Operating lease expense for the years ended June 30, 2024 and 2023, are recorded within the consolidated statement of changes in net assets without donor restriction as follows (in thousands):

	2024	2023
Operating lease expense	$ 494	$ 485
Total lease expense	$ 494	$ 485

Total lease expense does not include common area maintenance charges and other non-lease components, which were not significant for the years ended June 30, 2024 and 2023.

Future minimum operating lease payments for the years ending June 30 are as follows (in thousands):

2025	$ 361
2026	313
2027	237
2028	177
2029	141
Thereafter	475
Total undiscounted cash flows	1,703
Less present value discount	(186)
Total operating lease liabilities	1,518
Less current portion of operating lease liabilities	(311)
Noncurrent operating lease liabilities	$ 1,207

Cash paid for amounts included in the measurement of operating lease liabilities was $466,000 and $452,000 for the years ended June 30, 2024 and 2023, respectively.

Employee retirement benefits – The Organization offers a Section 403(b) savings plan to eligible employees. Employees may contribute amounts from their salaries to the plan up to the limits specified by the Internal Revenue Service. The Organization may contribute 3% of the employee's earnings annually to each eligible employee's account on a discretionary basis. This discretionary contribution was suspended for 2024. The Organization matches up to 4% additional contributions to an eligible employee's account based upon years of service to the Organization. Employer provided funds are vested to the employee at 20% per year until fully vested after five years. Total employer contributions expensed during the years ended June 30, 2024 and 2023, were $638,330 and $534,000, respectively.

Other employee benefits – The Organization offers employees an option to participate in a self-insured health plan. The Organization also maintains a self-insured workers' compensation plan. Claims under these plans are self-insured with stop-loss umbrella policies in place to limit maximum potential liability for both individual claims and total claims for a plan year. Claims are paid as they are submitted to the plan administrators. The Organization maintains an accrual for claims that have been incurred but not yet reported (IBNR) to the plan administrators. The IBNR reserve is based on the historical lag period and current payment trends of health insurance claims (generally two to three months) and workers compensation claims (generally one to three years). The IBNR reserve for health care is based on the historical claims as computed by the insurance broker's actuaries (generally 15 months), less payments made, and is included in accounts payable and accrued expenses on the consolidated balance sheet. The IBNR totaled approximately $676,000 and $689,000 as of June 30, 2024 and 2023, respectively. The liability for the workers' compensation benefit claims due in less than one year totaled approximately $194,000 and $148,000 as of June 30, 2024 and 2023, respectively, and is recorded in accounts payable and accrued expenses. The liability for claims greater than one year is recorded in other long-term liabilities (Note 1) in the accompanying consolidated balance sheet and totaled approximately $194,000 and $148,000 as of June 30, 2024 and 2023, respectively.

Contingencies – Amounts received under U.S. federal government grants and other 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 consolidated financial position or changes in net assets.

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 consolidated financial position or changes in net assets.

Note 14 – 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, 2024 and 2023 (in thousands):

	2024	2023
Total cash and cash equivalents	$ 8,985	$ 8,005
Grants receivable	533	400
Trade receivables	2,842	1,646
Note receivable	1,113	1,258
Investments	56,812	52,197
Planned giving program assets	3,906	3,765
Total financial assets	74,191	67,271
Receivables scheduled to be collected in more than one year	(922)	(1,068)
Planned giving obligations	(1,316)	(1,358)
Perpetual endowments	(6,778)	(6,631)
Nonperpetual endowments	(3,454)	(4,041)
Perpetual trust	(2,335)	(2,042)
Financial assets available to meet cash needs for general expenditures within one year	$ 59,386	$ 52,131

The Organization manages its 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. The Organization has a liquidity policy to maintain current financial assets at a minimum of 30 days expected cash operating expenses. The organization has a policy to target a year-end balance of reserves of unrestricted, undesignated net assets to meet 60 to 105 days of expected expenditures. To achieve these targets, the Organization forecasts its future cash flows, monitors its liquidity monthly, and monitors its reserves quarterly. The Organization also has a line of credit available to meet short-term needs (Note 11). During the years ended June 30, 2024 and 2023, the level of liquidity and reserves was managed within the policy requirements.

Note 15 – Subsequent Events

The Organization has evaluated subsequent events with respect to the consolidated financial statements for the year ended June 30, 2024, through October 28, 2024, the date on which the consolidated financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying consolidated financial statements, nor have any events occurred, the nature of which would require disclosure.

Supplementary Information

CRISTA Ministries
Consolidating Balance Sheet (in thousands)
June 30, 2024

ASSETS	CRISTA Ministries (Certificate Holder)	CRISTA Ministries Canada	World Concern Development Organization	Eliminating Entries	Total
CURRENT ASSETS					
Cash and cash equivalents					
Available for current ministries	$ 6,225	$ 409	$ -	$ -	$ 6,634
Held for donor-restricted ministry purposes	543	-	-	-	543
Held by field operations	1,808	-	-	-	1,808
Total cash and cash equivalents	8,576	409	-	-	8,985
Grants receivable	512	-	21	-	533
Trade receivables, net	2,840	2	1,964	(1,964)	2,842
Note receivable, current portion	191	-	-	-	191
Short-term investments	844	-	-	-	844
Prepaid expenses and supplies	1,990	1	-	-	1,991
Total current assets	14,953	412	1,985	(1,964)	15,386
LONG-TERM INVESTMENTS (NOTE 6)					
Available for ministries	45,370	-	-	-	45,370
Endowment accounts	10,232	-	-	-	10,232
Other investments	366	-	-	-	366
Total long-term investments	55,968	-	-	-	55,968
Planned giving program assets	3,906	-	-	-	3,906
Property and equipment used in ministries, net	47,521	-	-	-	47,521
Assets held by field operations	3,649	-	-	-	3,649
Long-term note receivable, net	922	-	-	-	922
Right of use operating lease assets	1,469	-	-	-	1,469
Deferred Rent Receivable	738				738
Total assets	$ 129,126	$ 412	$ 1,985	$ (1,964)	$ 129,559

See report of independent auditors.

CRISTA Ministries
Consolidating Balance Sheet (in thousands)
June 30, 2024

LIABILITIES AND NET ASSETS	CRISTA Ministries (Certificate Holder)	CRISTA Ministries Canada	World Concern Development Organization	Eliminating Entries	Total
CURRENT LIABILITIES					
Accounts payable and accrued expenses	$ 11,422	$ -	$ -	$ (1,964)	$ 9,458
Accounts payable held in field offices	2,474	101	-	-	2,575
Deferred revenue	1,196	-	-	-	1,196
Grant advances	769	-	-	-	769
Current portion of long-term debt	1,126	-	-	-	1,126
Current portion of operating lease liabilities	311	-	-	-	311
Total current liabilities	17,298	101	-	(1,964)	15,435
OTHER LIABILITIES					
Long-term debt, net	3,531	-	-	-	3,531
Other long-term liabilities	396	-	-	-	396
Refundable entry fees	7,314	-	-	-	7,314
Nonrefundable entry fees, deferred revenue	8,453	-	-	-	8,453
Deposits and deferred revenue	322	-	-	-	322
Planned giving program obligations	1,316	-	-	-	1,316
Long term portion of operating lease liabilities	1,207	-	-	-	1,207
Total liabilities	39,837	101	-	(1,964)	37,974
NET ASSETS					
Without donor restrictions					
General	29,530	311	1,985	-	31,826
Represented by property, equipment, and ROU assets owned by the Organization, net of debt	42,864	-	-	-	42,864
Total net assets without donor restrictions	72,394	311	1,985	-	74,690
With donor restrictions					
Restricted for program activities	4,242	-	-	-	4,242
Restricted for capital acquisitions	57	-	-	-	57
The Organization's portion of irrevocable trust agreements	29	-	-	-	29
Student financial aid and teacher excellence endowment	4,229	-	-	-	4,229
Senior living resident financial aid endowment	2,112	-	-	-	2,112
World Concern term endowment	1,062	-	-	-	1,062
Restricted for endowment funds	2,829	-	-	-	2,829
Perpetual trust	2,335	-	-	-	2,335
Total net assets with donor restrictions	16,895	-	-	-	16,895
Total net assets	89,289	311	1,985	-	91,585
Total liabilities and net assets	$ 129,126	$ 412	$ 1,985	$ (1,964)	$ 129,559

See report of independent auditors.

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