



Consolidated Financial Statements

For the Years Ended June 30, 2016 and 2015

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Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of World Concern (a ministry of CRISTA Ministries) and World Concern Development Organization (collectively, the "Organization") which comprise the consolidated balance sheets as of June 30, 2016 and 2015, and the related consolidated statements of unrestricted activities, changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2016 and 2015, and the results of its unrestricted activities and changes in net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 16 - 20 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Clark Nuber P S

Certified Public Accountants
October 13, 2016

**WORLD CONCERN (A MINISTRY OF CRISTA MINISTRIES)
AND WORLD CONCERN DEVELOPMENT ORGANIZATION**
Consolidated Balance Sheets
June 30, 2016 and 2015
(In Thousands)

	<u>2016</u>	<u>2015</u>
Assets		
Current Assets:		
Cash and cash equivalents (Note 2)	\$ 4,575	\$ 4,072
Grants receivable	137	446
Receivable from CRISTA Ministries	2,192	1,891
Pledges receivable, net (Note 3)	228	365
Prepaid expenses and supplies	18	17
Total Current Assets	7,150	6,791
Investments		9
Long-term pledges receivable, net (Note 3)	182	312
Property and equipment used in current ministries, net (Note 5)	143	158
Development loans receivable, net (Note 6)	3,077	3,806
Overseas assets	188	210
Total Assets	\$ 10,740	\$ 11,286
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 2,381	\$ 2,606
Total Current Liabilities	2,381	2,606
Commitments and contingencies (Note 8)		
Net Assets:		
Unrestricted-		
General	2,411	2,291
Represented by property and equipment owned by the Organization	143	158
Total unrestricted assets	2,554	2,449
Temporarily restricted-		
Restricted for program activities	5,805	6,231
Total Net Assets	8,359	8,680
Total Liabilities and Net Assets	\$ 10,740	\$ 11,286

See accompanying notes.

**WORLD CONCERN (A MINISTRY OF CRISTA MINISTRIES)
AND WORLD CONCERN DEVELOPMENT ORGANIZATION**
Consolidated Statements of Unrestricted Activities
For the Years Ended June 30, 2016 and 2015
(In Thousands)

	<u>2016</u>	<u>2015</u>
Revenues, Gains and Losses:		
Contributions	\$ 6,061	\$ 6,326
Contributions released from restriction	7,095	7,921
Gifts-in-kind (Note 7)	16,232	10,677
Government grants	214	1,520
Income on investments and loans	914	1,032
Foreign currency exchange losses	(178)	(66)
Miscellaneous income	31	11
	<u>30,369</u>	<u>27,421</u>
Total Revenues, Gains and Losses	30,369	27,421
Expenses:		
Program services-		
Program	9,681	12,311
Gifts-in-kind (Note 7)	16,232	10,677
	<u>25,913</u>	<u>22,988</u>
Total program services	25,913	22,988
Supporting services-		
Fundraising and promotion	3,059	2,966
Management and general	1,292	1,267
	<u>4,351</u>	<u>4,233</u>
Total supporting services	4,351	4,233
	<u>30,264</u>	<u>27,221</u>
Total Expenses	30,264	27,221
Change in Unrestricted Net Assets	\$ 105	\$ 200

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, 2016 and 2015
(In Thousands)

	<u>2016</u>	<u>2015</u>
Unrestricted Net Assets:		
Total unrestricted revenue, gains, and losses	\$ 23,274	\$ 19,500
Contributions released from restrictions	7,095	7,921
Total unrestricted expenses	<u>(30,264)</u>	<u>(27,221)</u>
Change in Unrestricted Net Assets	105	200
Temporarily Restricted Net Assets:		
Contributions	6,931	7,697
Loss from micro-enterprise loan program	(262)	
Contributions released from restrictions	<u>(7,095)</u>	<u>(7,921)</u>
Change in Temporarily Restricted Net Assets	<u>(426)</u>	<u>(224)</u>
Total Change in Net Assets	(321)	(24)
Net assets, beginning of year	<u>8,680</u>	<u>8,704</u>
Net Assets, End of Year	<u>\$ 8,359</u>	<u>\$ 8,680</u>

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, 2016 and 2015
(In Thousands)

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ (321)	\$ (24)
Adjustments to reconcile change in net assets to net cash provided by operating activities-		
Noncash activity:		
Depreciation	15	12
Loss from Micro-enterprise loan program	262	
Transfer of investments to CRISTA Ministries	9	
Changes in operating assets and liabilities:		
Grants receivable	309	694
Receivable from CRISTA Ministries	(301)	(1,065)
Pledges receivable	267	82
Prepaid expenses and supplies	(1)	(11)
Development loans receivable	467	686
Overseas assets	22	137
Accounts payable and accrued expenses	(225)	(40)
Net Cash Provided by Operating Activities	<u>503</u>	<u>471</u>
Net Change in Cash and Cash Equivalents	503	471
Cash and Cash Equivalents:		
Beginning of year	<u>4,072</u>	<u>3,601</u>
End of Year	<u>\$ 4,575</u>	<u>\$ 4,072</u>
Supplementary Disclosure of Cash Flow Information:		
Transfer of investments to CRISTA Ministries	\$ 9	\$ -

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, 2016 and 2015**

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 government and other grants.

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 - 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 are deemed by management to be fully collectible. Therefore, an allowance for doubtful accounts was not recorded at June 30, 2016 and 2015.

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 contribution revenue 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. A present value discount was deemed immaterial at June 30, 2016 and 2015.

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

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

**Notes to Consolidated Financial Statements
For the Years Ended June 30, 2016 and 2015**

Note 1 - Continued

Inventory - Noncash gifts of medicine, 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, as inventory and revenue at the time received and as a reduction of inventory and as relief and development expense when the distributing agency has received the goods. There was no inventory on hand at June 30, 2016 and 2015.

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. 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 unrestricted activities and changes in net assets in the period incurred.

Investments - Investments consist of mutual funds. Investments are stated at fair value based on quoted market prices at the date of the consolidated financial statements.

Concentration of Credit Risk - Financial instruments that potentially subject the Organization to concentration of credit risk consist primarily of cash and cash equivalents. Cash and cash equivalents are held with banks located in and outside of the United States. As of June 30, 2016 and 2015, 55% and 56%, respectively, of cash and cash equivalents were held in banks outside of the United States. Cash and cash equivalents may at times exceed FDIC and SIPC insurance limits.

Development Loans Receivable - Development loans receivable as of June 30, 2016, represent loans outstanding under the Micro-enterprise Loan Program (MLP) in the country of Bangladesh, while development loans receivable as of June 30, 2015, represent loans outstanding under the MLP in the countries of Bangladesh and Haiti.

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.

During the year ended June 30, 2016, the MLP was discontinued in Haiti, which resulted in a write-off of outstanding Haiti development loans receivable totaling \$262,000. This write-off is reflected as a loss from the MLP in the change in temporarily restricted net assets in the consolidated statements of changes in net assets.

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:

Unrestricted Net Assets - Unrestricted net assets include all net assets on which there are no donor-imposed restrictions for use, or such donor-imposed restrictions were temporary and expired or were met during the current or previous years.

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

**Notes to Consolidated Financial Statements
For the Years Ended June 30, 2016 and 2015**

Note 1 - Continued

Temporarily Restricted Net Assets - Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time. Temporarily restricted net assets are restricted for program activities at June 30, 2016 and 2015.

Permanently Restricted Net Assets - Net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization. The Organization had no permanently restricted net assets at June 30, 2016 and 2015.

Revenues are reported as increases in unrestricted net assets unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary 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 unrestricted revenue.

Revenues and Gains - Earned revenues during the year consist of fees for services, government grants, and miscellaneous income. Earned revenue is recognized in the period the service is performed. Government grant revenue is recognized in the period the related expenses are incurred. Contributions, including unconditional promises to give, are recognized as revenues in the period received. Contributions also include noncash gifts, which are valued at estimated fair value at the date of gift.

Functional Allocation of Expenses - The cost of providing program, fundraising and promotion, and management and general services of the Organization has been summarized on a functional basis in the consolidated statements of unrestricted activities and the consolidated schedules of functional expenses. Accordingly, certain costs have been allocated between program services, fundraising and promotion, and management and general expenses based on usage, square footage, or direct identification.

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 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. There are open tax years that may be subject to IRS review; however, management has determined that no provision for uncertain tax positions is required at June 30, 2016 and 2015.

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 \$178,000 and \$66,000 were recognized for the years ended June 30, 2016 and 2015, respectively, and these amounts are included in the consolidated statements of unrestricted activities.

Subsequent Events - The Organization has evaluated subsequent events through October 13, 2016, the date on which the financial statements were issued.

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

**Notes to Consolidated Financial Statements
For the Years Ended June 30, 2016 and 2015**

Note 2 - Cash and Cash Equivalents

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

	(In Thousands)	
	2016	2015
Cash	\$ 4,504	\$ 3,994
Money market	71	78
Total Cash and Cash Equivalents	\$ 4,575	\$ 4,072

Cash and cash equivalents include \$2,523,000 and \$2,283,000 at June 30, 2016 and 2015, respectively, of funds on deposit in banks in foreign countries.

Note 3 - Pledges Receivable

Pledges receivable are due as follows as of June 30:

	(In Thousands)	
	2016	2015
Receivables due in less than one year	\$ 284	\$ 489
Receivables due in one to five years	305	527
	589	1,016
Less allowance for uncollectible pledges receivable	(179)	(339)
Pledges Receivable, Net	\$ 410	\$ 677

Pledges receivable are presented on the consolidated balance sheets as follows as of June 30:

	(In Thousands)	
	2016	2015
Current assets - pledges receivable, net	\$ 228	\$ 365
Long-term pledges receivable, net	182	312
Pledges Receivable, Net	\$ 410	\$ 677

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

**Notes to Consolidated Financial Statements
For the Years Ended June 30, 2016 and 2015**

Note 4 - Investments and Fair Value Measurements

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

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

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

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

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

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

Investments held by the Organization at June 30, 2015, all consisted of mutual funds that are valued at quoted market prices in active markets, which represent the net asset value (NAV) of shares held at year end. These investments are classified as Level 1. There were no investments held by the Organization as of June 30, 2016.

Note 5 - Property and Equipment Used in Current Ministries

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

	(In Thousands)	
	2016	2015
Buildings and improvements	\$ 244	\$ 244
Less accumulated depreciation	(101)	(86)
Property and Equipment, Net	\$ 143	\$ 158

Note 6 - Development Loans Receivable

The Organization makes loans under the Micro-enterprise Loan Program (MLP) to assist impoverished persons to become self-reliant, successful entrepreneurs in the countries of Bangladesh and Haiti. The loans are funded by temporarily restricted contributions, and amounts collected on these loans are reinvested in the MLP to fund future loans. As of June 30, 2016 and 2015, outstanding balances in the MLP represented 29% and 34% of total assets, respectively.

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

**Notes to Consolidated Financial Statements
For the Years Ended June 30, 2016 and 2015**

Note 6 - Continued

Development loans receivable, by country, and the allowance for doubtful accounts is as follows as of June 30:

	In Thousands	
	2016	2015
Receivables from individuals in-		
Bangladesh	\$ 3,460	\$ 3,489
Haiti		906
	<u>3,460</u>	<u>4,395</u>
Less allowance for doubtful accounts-		
Beginning balance	(589)	(421)
Provision for loan losses	(58)	(196)
Loans written off	2	28
Loss from Haiti micro-enterprise loan program (Note 1)	262	
	<u>(383)</u>	<u>(589)</u>
Ending balance	<u>(383)</u>	<u>(589)</u>
Development Loans Receivable, Net	<u>\$ 3,077</u>	<u>\$ 3,806</u>

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

	In Thousands	
	2016	2015
Less than two years	\$ 145	\$ 622
Two years to five years	156	261
Five years or greater		6
	<u>301</u>	<u>889</u>
Total Loans Past Due	<u>\$ 301</u>	<u>\$ 889</u>

The average loan size was \$247 and \$291 as of June 30, 2016 and 2015, respectively. Maturities on the loans range from two months to two years. 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.

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

**Notes to Consolidated Financial Statements
For the Years Ended June 30, 2016 and 2015**

Note 6 - Continued

The Organization is subject to certain business risks that could affect net assets. These risks include geographic concentrations in the following developing countries as of June 30:

Country	2016	2015
Bangladesh	100%	79%
Haiti		21%

Note 7 - Gifts-in-Kind

The Organization receives contributions of clothing, health supplies, and other commodities for use in its various programs and medicines at significantly below fair value. Such gifts are recorded as inventory and revenue at the time received and as a reduction of inventory and as a program services expense when the distributing agency has received the goods. These gifts are recorded at their fair value based on product like-kind analysis and current estimated wholesale prices as available. Gifts-in-kind (GIK) are recorded in accordance with U.S. GAAP and in consideration of Accord GIK Interagency Standards.

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 Organization obtains market data that it believes is representative of the fair value for the deworming medicine it distributes in multiple relevant international markets. Such industry standards are subject to review and adjustment; therefore, estimates of the fair value of donated medicines may vary in the future.

World Concern only records the value of GIK for which World Concern 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.

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

	(In Thousands)	
	2016	2015
Medicines and medical supplies	\$ 15,667	\$ 10,002
Advertising	458	278
Other	94	49
Clothing	13	348
Total Gifts-in-Kind	\$ 16,232	\$ 10,677

For the year ended June 30, 2016, the Organization distributed approximately 14.2 million deworming pills to children and adults in several countries compared to approximately 8.8 million pills distributed during the year ended June 30, 2015. Of the total GIK for both years ended June 30, 2016 and 2015, 96% and 94%, respectively, came from a single source.

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

**Notes to Consolidated Financial Statements
For the Years Ended June 30, 2016 and 2015**

Note 8 - Commitments and Contingencies

Leases - The Organization is obligated under various operating leases for office equipment. Lease expense for both years ended June 30, 2016 and 2015, was approximately \$1,400. Future minimum payments for operating leases that have initial or remaining noncancelable lease terms in excess of one year total approximately \$350 and are due during the year ending June 30, 2017.

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 contributes 3% of the employee's earnings annually to each eligible employee's account. 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. Total employer contributions for the Organization's employees for the years ended June 30, 2016 and 2015, were approximately \$59,000 and \$55,000, respectively.

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

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

Note 9 - Intra-Organization Transactions

In the normal course of business, the Organization enters into transactions with CRISTA Ministries to maximize operating efficiency. Expenses related to these transactions are determined based upon actual costs related to the services provided. The following is a summary of expenses incurred in transactions with CRISTA Ministries for the years ended June 30:

	(In Thousands)	
	2016	2015
Expenses-		
Fundraising services	\$ 2,545	\$ 2,615
Management services	4	35
Accounting, donation receipting and auditing	316	301
Office space	96	92
Computer services	93	60
Personnel/legal services	71	66
Mailroom services	29	26
Marketing	228	111
Faith engagement	110	96
Other	12	11
Total Expenses	\$ 3,504	\$ 3,413

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

**Notes to Consolidated Financial Statements
For the Years Ended June 30, 2016 and 2015**

Note 9 - Continued

Contributions From CRISTA Ministries - As of June 30, 2016 and 2015, contributions totaling \$2,192,000 and \$1,891,000, respectively, were received at CRISTA that were designated for World Concern and thus are reflected as receivable from CRISTA Ministries on the consolidated balance sheets.

The Organization transferred \$9,000 of its investments to CRISTA Ministries during the year ended June 30, 2016, to be managed with the CRISTA portfolio.

SUPPLEMENTARY INFORMATION

**WORLD CONCERN (A MINISTRY OF CRISTA MINISTRIES)
AND WORLD CONCERN DEVELOPMENT ORGANIZATION**
Consolidated Schedule of Functional Expenses
For the Year Ended June 30, 2016
(In Thousands)

	Relief and Development Services	Fundraising and Promotion	Management and General	Total
Salaries	\$ 4,067	\$ 23	\$ 432	\$ 4,522
Payroll taxes	131	2	35	168
Employee benefits	595	3	58	656
Professional services	80	1	11	92
Advertising and promotion			5	5
Office expenses	212	81	27	320
Information technology	47		3	50
Occupancy	393			393
Travel	805	2	41	848
Conferences and training	330	1	27	358
Depreciation	15			15
Insurance	4	2	44	50
Dues and fees	37	2	48	87
Purchased services		2,942	560	3,502
Program supplies	19,197		1	19,198
Total Expenses	\$ 25,913	\$ 3,059	\$ 1,292	\$ 30,264

See independent auditor's report.

**WORLD CONCERN (A MINISTRY OF CRISTA MINISTRIES)
AND WORLD CONCERN DEVELOPMENT ORGANIZATION**
Consolidated Schedule of Functional Expenses
For the Year Ended June 30, 2015
(In Thousands)

	Relief and Development Services	Fundraising and Promotion	Management and General	Total
Salaries	\$ 4,522	\$ -	\$ 564	\$ 5,086
Payroll taxes	160		25	185
Employee benefits	827		37	864
Professional services	89		69	158
Advertising and promotion	19			19
Office expenses	417		26	443
Information technology	65			65
Occupancy	509			509
Travel	1,273		25	1,298
Conferences and training	149		26	175
Depreciation	12			12
Insurance	22		52	74
Dues and fees	47		34	81
Purchased services	46	2,900	402	3,348
Program supplies	14,831	66	7	14,904
Total Expenses	\$ 22,988	\$ 2,966	\$ 1,267	\$ 27,221

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**WORLD CONCERN (A MINISTRY OF CRISTA MINISTRIES)
AND WORLD CONCERN DEVELOPMENT ORGANIZATION**
Consolidating Balance Sheet
June 30, 2016
(In Thousands)

	World Concern	World Concern Development Organization	Consolidation/ Eliminations	Total
Assets				
Current Assets:				
Cash and cash equivalents	\$ 4,566	\$ 9	\$ -	\$ 4,575
Grants receivable	105	32		137
Receivable from World Concern		35	(35)	
Receivable from CRISTA Ministries	2,192			2,192
Pledges receivable, net	228			228
Prepaid expenses and supplies	18			18
Total Current Assets	7,109	76	(35)	7,150
Long-term pledges receivable, net	182			182
Property and equipment used in current ministries, net	143			143
Development loans receivable, net	3,077			3,077
Overseas assets	188			188
Total Assets	\$ 10,699	\$ 76	\$ (35)	\$ 10,740
Liabilities and Net Assets				
Current Liabilities:				
Accounts payable and accrued expenses	\$ 2,370	\$ 11	\$ -	\$ 2,381
Payable to World Concern Development Organization	35		(35)	
Total Current Liabilities	2,405	11	(35)	2,381
Net Assets:				
Unrestricted- General	2,403	8		2,411
Represented by property and equipment owned by the Organization	143			143
Total unrestricted assets	2,546	8		2,554
Temporarily restricted- Restricted for program activities	5,748	57		5,805
Total Net Assets	8,294	65		8,359
Total Liabilities and Net Assets	\$ 10,699	\$ 76	\$ (35)	\$ 10,740

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**WORLD CONCERN (A MINISTRY OF CRISTA MINISTRIES)
AND WORLD CONCERN DEVELOPMENT ORGANIZATION**
Consolidating Schedule of Activities
For the Year Ended June 30, 2016
(In Thousands)

	World Concern	World Concern Development Organization	Total
Revenues, Gains and Losses:			
Contributions	\$ 5,523	\$ 538	\$ 6,061
Contributions released from restrictions	7,052	43	7,095
Gifts-in-kind	16,232		16,232
Government grants		214	214
Income on investments and loans	914		914
Foreign currency exchange losses	(178)		(178)
Miscellaneous income	31		31
Total Revenues, Gains and Losses	29,574	795	30,369
Expenses:			
Program services-			
Program	9,282	399	9,681
Gifts-in-kind	16,232		16,232
Total program services	25,514	399	25,913
Supporting services-			
Fundraising and promotion	3,059		3,059
Management and general	988	304	1,292
Total supporting services	4,047	304	4,351
Total Expenses	29,561	703	30,264
Change in Unrestricted Net Assets	13	92	105
Temporarily Restricted Net Assets:			
Contributions	6,881	50	6,931
Loss from micro-enterprise loan program	(262)		(262)
Contributions released from restrictions	(7,052)	(43)	(7,095)
Change in Temporarily Restricted Net Assets	(433)	7	(426)
Total Change in Net Assets	(420)	99	(321)
Net assets, beginning of year	8,714	(34)	8,680
Net Assets, End of Year	\$ 8,294	\$ 65	\$ 8,359

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WORLD CONCERN DEVELOPMENT ORGANIZATION

**Schedule of Functional Expenses
For the Year Ended June 30, 2016
(In Thousands)**

	Relief and Development Services	Management and General	Total
Salaries	\$ 74	\$ 147	\$ 221
Employee benefits	4		4
Professional services	7	1	8
Office expenses	7	14	21
Information technology		5	5
Occupancy	5	11	16
Travel	17	6	23
Conferences and training	1	6	7
Insurance		4	4
Dues and fees		30	30
Purchased services		80	80
Program supplies	284		284
	<u>284</u>	<u> </u>	<u>284</u>
Total Expenses	<u>\$ 399</u>	<u>\$ 304</u>	<u>\$ 703</u>

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