



Consolidated Financial Statements

For the Years Ended June 30, 2017 and 2016

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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, 2017 and 2016, 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, 2017 and 2016, 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 17 - 21 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 PS

Certified Public Accountants
October 12, 2017

**WORLD CONCERN (A MINISTRY OF CRISTA MINISTRIES)
AND WORLD CONCERN DEVELOPMENT ORGANIZATION**
Consolidated Balance Sheets
June 30, 2017 and 2016
(In Thousands)

	<u>2017</u>	<u>2016</u>
Assets		
Current Assets:		
Cash and cash equivalents (Note 2)	\$ 4,041	\$ 4,575
Grants receivable	567	137
Receivable from CRISTA Ministries	1,555	2,192
Pledges receivable, net (Note 3)	101	228
Prepaid expenses and supplies		<u>18</u>
Total Current Assets	6,264	7,150
Investments (Note 4)	257	
Long-term pledges receivable, net (Note 3)	24	182
Property and equipment used in current ministries, net (Note 5)	131	143
Development loans receivable, net (Note 6)	3,365	3,077
Overseas assets	<u>170</u>	<u>188</u>
Total Assets	<u>\$ 10,211</u>	<u>\$ 10,740</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	<u>\$ 2,357</u>	<u>\$ 2,381</u>
Total Current Liabilities	2,357	2,381
Commitments and contingencies (Note 8)		
Net Assets:		
Unrestricted-		
General	2,488	2,411
Represented by property and equipment owned by the Organization	<u>131</u>	<u>143</u>
Total unrestricted assets	2,619	2,554
Temporarily restricted-		
Restricted for program activities	<u>5,235</u>	<u>5,805</u>
Total Net Assets	<u>7,854</u>	<u>8,359</u>
Total Liabilities and Net Assets	<u>\$ 10,211</u>	<u>\$ 10,740</u>

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, 2017 and 2016
(In Thousands)

	<u>2017</u>	<u>2016</u>
Revenues, Gains and Losses:		
Contributions	\$ 8,810	\$ 6,061
Contributions released from restriction	6,957	7,095
Gifts-in-kind (Note 7)	16,157	16,232
Government grants	622	214
Income on investments and loans	731	914
Foreign currency exchange losses	(69)	(178)
Miscellaneous income	94	31
	<u>33,302</u>	<u>30,369</u>
Total Revenues, Gains and Losses	33,302	30,369
Expenses:		
Program services-		
Program	10,866	9,681
Gifts-in-kind (Note 7)	15,664	15,774
	<u>26,530</u>	<u>25,455</u>
Total program services	26,530	25,455
Supporting services-		
Fundraising and promotion:		
Fundraising and promotion	4,983	3,059
Gifts-in-kind (Note 7)	493	458
Management and general	1,231	1,292
	<u>6,707</u>	<u>4,809</u>
Total supporting services	6,707	4,809
	<u>33,237</u>	<u>30,264</u>
Total Expenses	33,237	30,264
Change in Unrestricted Net Assets	\$ 65	\$ 105

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, 2017 and 2016
(In Thousands)

	<u>2017</u>	<u>2016</u>
Unrestricted Net Assets:		
Total unrestricted revenues, gains and losses	\$ 26,345	\$ 23,274
Contributions released from restriction	6,957	7,095
Total expenses	<u>(33,237)</u>	<u>(30,264)</u>
Change in Unrestricted Net Assets	65	105
Temporarily Restricted Net Assets:		
Contributions	6,366	6,931
Income on investments	7	
Net realized and unrealized gains on investments	14	
Loss from micro-enterprise loan program		(262)
Contributions released from restriction	<u>(6,957)</u>	<u>(7,095)</u>
Change in Temporarily Restricted Net Assets	(570)	(426)
Total Change in Net Assets	(505)	(321)
Net assets, beginning of year	<u>8,359</u>	<u>8,680</u>
Net Assets, End of Year	<u>\$ 7,854</u>	<u>\$ 8,359</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, 2017 and 2016
(In Thousands)

	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ (505)	\$ (321)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities-		
Noncash activity:		
Depreciation	12	15
Net realized and unrealized gain on investments	(14)	
Loss from Micro-enterprise loan program		262
Transfer of investments to CRISTA Ministries		9
Changes in operating assets and liabilities:		
Grants receivable	(430)	309
Receivable from CRISTA Ministries	637	(301)
Pledges receivable	285	267
Prepaid expenses and supplies	18	(1)
Development loans receivable	(288)	467
Overseas assets	18	22
Accounts payable and accrued expenses	(24)	(225)
Net Cash (Used) Provided by Operating Activities	<u>(291)</u>	<u>503</u>
Cash Flows From Investing Activities:		
Purchases of investments	(243)	
Net Cash Used by Financing Activities	<u>(243)</u>	
Net Change in Cash and Cash Equivalents	(534)	503
Cash and Cash Equivalents:		
Beginning of year	4,575	4,072
End of Year	<u><u>\$ 4,041</u></u>	<u><u>\$ 4,575</u></u>

See accompanying notes.

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

**Notes to Consolidated Financial Statements
For the Years Ended June 30, 2017 and 2016**

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, 2017 and 2016.

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, 2017 and 2016.

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, 2017 and 2016**

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, 2017 and 2016.

Investments - Investments consist primarily of marketable equity securities and mutual funds and are stated at fair value. Cash and cash equivalents held in the investment portfolio are stated at the lower of cost or net realizable value.

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.

Development Loans Receivable - Development loans receivable as of June 30, 2017 and 2016, represent loans outstanding under the Micro-enterprise Loan Program (MLP) in the country of Bangladesh.

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

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.

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, 2017 and 2016, 42% and 55%, respectively, of cash and cash equivalents were held in banks outside of the United States. Cash and cash equivalents may at times exceed FDIC and SIPC insurance limits.

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

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, 2017 and 2016**

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.

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, 2017 and 2016.

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.

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 \$69,000 and \$178,000 were recognized for the years ended June 30, 2017 and 2016, respectively, and these amounts are included in the consolidated statements of unrestricted activities.

Revenues and Gains - Earned revenues 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 are subject to IRS review; however, management has determined that no provision for uncertain tax positions is required at June 30, 2017 and 2016.

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

Subsequent Events - The Organization has evaluated subsequent events through October 12, 2017, the date on which the financial statements were available to be issued.

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

**Notes to Consolidated Financial Statements
For the Years Ended June 30, 2017 and 2016**

Note 2 - Cash and Cash Equivalents

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

	(In Thousands)	
	2017	2016
Cash	\$ 3,918	\$ 4,504
Money market funds	123	71
Total Cash and Cash Equivalents	\$ 4,041	\$ 4,575

Cash and cash equivalents include \$1,685,000 and \$2,523,000 at June 30, 2017 and 2016, 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)	
	2017	2016
Receivables due in less than one year	\$ 135	\$ 284
Receivables due in one to five years	45	305
	180	589
Less allowance for uncollectible pledges receivable	(55)	(179)
Pledges Receivable, Net	\$ 125	\$ 410

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

	(In Thousands)	
	2017	2016
Current assets - pledges receivable, net	\$ 101	\$ 228
Long-term pledges receivable, net	24	182
Pledges Receivable, Net	\$ 125	\$ 410

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

**Notes to Consolidated Financial Statements
For the Years Ended June 30, 2017 and 2016**

Note 4 - Investments and Fair Value Measurements

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

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

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

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

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

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

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2017.

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

Equity Securities - Valued at the closing price reported on the active market on which the securities are traded.

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

**Notes to Consolidated Financial Statements
For the Years Ended June 30, 2017 and 2016**

Note 4 - Continued

Total investments and assets recorded at fair value on a recurring basis were as follows as of June 30, 2017:

	(In Thousands)			
	Level 1	Level 2	Level 3	Total
Equity mutual funds-				
US large cap	\$ 34	\$ -	\$ -	\$ 34
US mid cap	5			5
International	15			15
Blended	22			22
Fixed income mutual funds-				
US	23			23
International	10			10
Total mutual funds	109			109
Equity securities	94			94
Total Investments in the Fair Value Hierarchy	\$ 203	\$ -	\$ -	203
Cash and cash equivalents				54
Total Investments				\$ 257

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)	
	2017	2016
Buildings and improvements	\$ 244	\$ 244
Less accumulated depreciation	(113)	(101)
Property and Equipment, Net	\$ 131	\$ 143

Note 6 - Development Loans Receivable

The Organization makes loans under the Micro-enterprise Loan Program (MLP) to assist impoverished persons to become self-reliant, successful entrepreneurs in the country of Bangladesh. The loans are funded by temporarily restricted contributions, and amounts collected on these loans are reinvested in the MLP to fund future loans. As of June 30, 2017 and 2016, outstanding balances in the MLP represented 33% and 29% 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, 2017 and 2016**

Note 6 - Continued

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

	In Thousands	
	2017	2016
Receivables from individuals in- Bangladesh	\$ 3,700	\$ 3,460
Less allowance for doubtful accounts-		
Beginning balance	(383)	(589)
Provision for loan losses	(64)	(58)
Loans written off	112	2
Loss from Haiti micro-enterprise loan program (Note 1)		262
Ending balance	<u>(335)</u>	<u>(383)</u>
Development Loans Receivable, Net	<u>\$ 3,365</u>	<u>\$ 3,077</u>

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

	In Thousands	
	2017	2016
Less than two years	\$ 71	\$ 145
Two years to five years	65	156
Total Loans Past Due	<u>\$ 136</u>	<u>\$ 301</u>

The average loan size was \$269 and \$247 as of June 30, 2017 and 2016, 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.

The Organization is subject to certain business risks that could affect net assets. These risks include geographic concentrations in Bangladesh, a developing country, which represents 100% of the total development loans receivable at June 30, 2017 and 2016.

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

**Notes to Consolidated Financial Statements
For the Years Ended June 30, 2017 and 2016**

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)	
	<u>2017</u>	<u>2016</u>
Medicines and medical supplies	\$ 15,294	\$ 15,667
Advertising	413	458
Other	438	94
Clothing	<u>12</u>	<u>13</u>
Total Gifts-in-Kind	<u>\$ 16,157</u>	<u>\$ 16,232</u>

For both of the years ended June 30, 2017 and 2016, the Organization distributed approximately 14.2 million deworming pills to children and adults in several countries. Of the total GIK for the years ended June 30, 2017 and 2016, 95% and 96%, 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, 2017 and 2016**

Note 8 - Commitments and Contingencies

Leases - The Organization is obligated under various operating leases for office equipment. Lease expense for the years ended June 30, 2017 and 2016, was approximately \$3,000 and \$1,400, respectively. Future minimum payments for operating leases that have initial or remaining noncancelable lease terms in excess of one year are as follows:

For the Years Ending June 30,	<u>(In Thousands)</u>
2018	\$ 3
2019	3
2020	4
2021	4
2022	1
	<hr/>
Total Future Minimum Lease Payments	<u>\$ 15</u>

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, 2017 and 2016, were approximately \$57,000 and \$59,000, 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.

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

**Notes to Consolidated Financial Statements
For the Years Ended June 30, 2017 and 2016**

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. During the year ended June 30, 2017, CRISTA Ministries invested in expanded fundraising capabilities on behalf of the Organization. The investment resulted in higher intra-organization expenses. This investment is consistent with the strategic goals of the Organization.

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

	(In Thousands)	
	<u>2017</u>	<u>2016</u>
Expenses-		
Fundraising services	\$ 4,821	\$ 2,883
Management services	522	513
Office space	93	96
Other	8	12
Total Expenses	<u>\$ 5,444</u>	<u>\$ 3,504</u>

Contributions From CRISTA Ministries - As of June 30, 2017 and 2016, contributions totaling \$1,555,000 and \$2,192,000, 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, 2017
(In Thousands)

	Relief and Development Services	Fundraising and Promotion	Management and General	Total
Salaries	\$ 4,152	\$ 15	\$ 283	\$ 4,450
Payroll taxes	113	1	21	135
Employee benefits	520	2	30	552
Professional services	63	2	32	97
Advertising and promotion	1			1
Office expenses	283	109	47	439
Information technology	51		1	52
Occupancy	426	5	91	522
Travel	998	2	46	1,046
Conferences and training	282	1	32	315
Depreciation	12			12
Insurance	6	1	25	32
Dues and fees	43		24	67
Purchased services	(84)	4,844	586	5,346
Program supplies	19,664	494	13	20,171
Total Expenses	\$ 26,530	\$ 5,476	\$ 1,231	\$ 33,237

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, 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	18,739	458	1	19,198
Total Expenses	\$ 25,455	\$ 3,517	\$ 1,292	\$ 30,264

See independent auditor's report.

**WORLD CONCERN (A MINISTRY OF CRISTA MINISTRIES)
AND WORLD CONCERN DEVELOPMENT ORGANIZATION**
Consolidating Balance Sheet
June 30, 2017
(In Thousands)

	World Concern	World Concern Development Organization	Consolidation/ Eliminations	Total
Assets				
Current Assets:				
Cash and cash equivalents	\$ 3,995	\$ 46	\$ -	\$ 4,041
Grants receivable	425	142		567
Receivable from World Concern		357	(357)	
Receivable from CRISTA Ministries	1,555			1,555
Pledges receivable, net	101			101
Total Current Assets	6,076	545	(357)	6,264
Investments	257			257
Long-term pledges receivable, net	24			24
Property and equipment used in current ministries, net	131			131
Development loans receivable, net	3,365			3,365
Overseas assets	170			170
Total Assets	\$ 10,023	\$ 545	\$ (357)	\$ 10,211
Liabilities and Net Assets				
Current Liabilities:				
Accounts payable and accrued expenses	\$ 2,357	\$ -	\$ -	\$ 2,357
Payable to World Concern Development Organization	357		(357)	
Total Current Liabilities	2,714		(357)	2,357
Net Assets:				
Unrestricted-				
General	2,013	475		2,488
Represented by property and equipment owned by the Organization	131			131
Total unrestricted assets	2,144	475		2,619
Temporarily restricted-				
Restricted for program activities	5,165	70		5,235
Total Net Assets	7,309	545		7,854
Total Liabilities and Net Assets	\$ 10,023	\$ 545	\$ (357)	\$ 10,211

See independent auditor's report.

**WORLD CONCERN (A MINISTRY OF CRISTA MINISTRIES)
AND WORLD CONCERN DEVELOPMENT ORGANIZATION**
Consolidating Schedule of Activities
For the Year Ended June 30, 2017
(In Thousands)

	World Concern	World Concern Development Organization	Total
Revenues, Gains and Losses:			
Contributions	\$ 8,006	\$ 804	\$ 8,810
Contributions released from restrictions	6,920	37	6,957
Gifts-in-kind	16,157		16,157
Government grants		622	622
Income on investments and loans	731		731
Foreign currency exchange losses	(69)		(69)
Miscellaneous income	94		94
Total Revenues, Gains and Losses	31,839	1,463	33,302
Expenses:			
Program services-			
Program	10,091	775	10,866
Gifts-in-kind	15,664		15,664
Total program services	25,755	775	26,530
Supporting services-			
Fundraising and promotion:			
Fundraising and promotion	4,983		4,983
Gifts-in-kind	493		493
Management and general	1,010	221	1,231
Total supporting services	6,486	221	6,707
Total Expenses	32,241	996	33,237
Change in Unrestricted Net Assets	(402)	467	65
Temporarily Restricted Net Assets:			
Contributions	6,316	50	6,366
Income on investments	7		7
Net realized and unrealized gains on investments	14		14
Contributions released from restrictions	(6,920)	(37)	(6,957)
Change in Temporarily Restricted Net Assets	(583)	13	(570)
Total Change in Net Assets	(985)	480	(505)
Net assets, beginning of year	8,294	65	8,359
Net Assets, End of Year	\$ 7,309	\$ 545	\$ 7,854

See independent auditor's report.

WORLD CONCERN DEVELOPMENT ORGANIZATION

**Schedule of Functional Expenses
For the Year Ended June 30, 2017
(In Thousands)**

	Relief and Development Services	Management and General	Total
Salaries	\$ 165	\$ 100	\$ 265
Employee benefits	3		3
Professional services	1	4	5
Office expenses	11	16	27
Occupancy	22	11	33
Travel	71	11	82
Conferences and training		13	13
Insurance		2	2
Dues and fees		23	23
Purchased services	8	41	49
Program supplies	494		494
Total Expenses	\$ 775	\$ 221	\$ 996

See independent auditor's report.