



Consolidated Financial Statements
For the Years Ended June 30, 2020 and 2019

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Independent Auditor's Report

**To the Board of Trustees
CRISTA Ministries
Shoreline, Washington**

We have audited the accompanying consolidated financial statements of CRISTA Ministries ("the Organization") which comprise the consolidated balance sheets as of June 30, 2020 and 2019, and the related consolidated statements of changes in net assets without donor restrictions, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2020 and 2019, and the results of its activities and change 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.

Effect of Adopting New Accounting Standard

As discussed in Note 1, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2018-08 - *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 36 and 37 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 audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Clark Nuber P.S.

Certified Public Accountants
November 20, 2020

CRISTA MINISTRIES

Consolidated Balance Sheets - Assets
June 30, 2020 and 2019
(In Thousands)

	<u>2020</u>	<u>2019</u>
Assets		
Current Assets:		
Cash and cash equivalents (Note 2)-		
Available for current ministries	\$ 2,560	\$ 4,133
Held for donor restricted ministry purposes	2,020	7,170
Held by field operations	<u>1,928</u>	<u>1,317</u>
Total cash and cash equivalents	6,508	12,620
Grants receivable	481	408
Pledges receivable, current portion (Note 3)	424	703
Trade receivables, net	2,621	4,362
Note receivable, current portion (Note 12)	125	124
Short-term investments (Note 4)	737	1,080
Prepaid expenses and supplies	<u>1,459</u>	<u>1,000</u>
Total Current Assets	12,355	20,297
Long-term investments (Note 4)-		
Available for current ministries	32,254	21,918
Endowment accounts	14,085	13,776
Other investments	<u>366</u>	<u>366</u>
Total long-term investments	46,705	36,060
Long-term pledges receivable, net (Note 3)	11	1,418
Planned giving program assets (Notes 4 and 7)	4,176	4,136
Property and equipment used in ministries, net (Note 6)	63,599	67,480
Assets held by field operations (Note 8)	3,802	4,090
Long-term note receivable, net (Note 12)	1,420	1,495
Deferred rent receivable	347	295
Radio licenses, net (Note 1)	7	22
Noncurrent assets held for sale (Note 1)	<u>8,927</u>	<u>8,982</u>
Total Assets	<u>\$ 141,349</u>	<u>\$ 144,275</u>

See accompanying notes.

CRISTA MINISTRIES

Consolidated Balance Sheets - Liabilities and Net Assets
June 30, 2020 and 2019
(In Thousands)

	<u>2020</u>	<u>2019</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 8,199	\$ 8,938
Accounts payable held in field offices	2,881	2,755
Deferred revenue	3,279	1,813
Line of credit (Note 10)	10,000	
Current portion of long-term debt (Note 10)	974	939
Current liabilities held for sale (Note 1)	1,405	2,312
	<u>26,738</u>	<u>16,757</u>
Total Current Liabilities	26,738	16,757
Long-term debt, net (Note 10)	7,718	8,670
Other long-term liabilities	1,057	417
Refundable entry fees	5,266	5,880
Nonrefundable entry fees	5,800	6,492
Deposits and deferred rent	453	438
Planned giving program obligations (Note 7)	1,792	2,180
Noncurrent liabilities held for sale (Note 1)	47	
	<u>48,871</u>	<u>40,834</u>
Total Liabilities	48,871	40,834
Commitments and contingencies (Note 13)		
Net Assets:		
Without donor restrictions-		
General	3,647	9,080
Represented by property, equipment and intangibles owned by the Organization	63,446	66,462
	<u>67,093</u>	<u>75,542</u>
Total net assets without donor restrictions	67,093	75,542
With donor restrictions-		
Restricted for program activities	8,607	9,856
Restricted for capital acquisitions	297	547
The Organization's portion of irrevocable trust agreements	377	141
Student financial aid and teacher excellence endowment	3,725	3,609
Senior living resident financial aid endowment	2,137	2,342
World Concern term endowment	4,856	5,417
Other (restricted for endowment funds)	3,621	4,322
Perpetual trust (Note 7)	1,765	1,665
	<u>25,385</u>	<u>27,899</u>
Total net assets with donor restrictions	25,385	27,899
Total Net Assets	92,478	103,441
Total Liabilities and Net Assets	\$ 141,349	\$ 144,275

See accompanying notes.

CRISTA MINISTRIES

**Consolidated Statements of Changes in Net Assets Without Donor Restrictions
For the Years Ended June 30, 2020 and 2019
(In Thousands)**

	2020	2019
Revenues, Gains and Losses:		
Fees for services	\$ 51,471	\$ 52,150
Contributions	10,961	11,250
Contributions released from restrictions	14,660	14,961
Gifts-in-kind (Note 9)	12,734	14,516
Government grants	372	
Other program revenue	1,119	1,159
Miscellaneous income	731	1,213
Investment return, net-		
Income on investments	790	783
Net realized and unrealized gains on investments and planned giving program	260	907
Investment return, net	1,050	1,690
Foreign currency exchange losses	(22)	(83)
Total Revenues, Gains and Losses	93,076	96,856
Expenses:		
Program services-		
Program	66,632	66,481
Gifts-in-kind (Note 9)	12,610	14,468
Total program services	79,242	80,949
Fundraising-		
Fundraising	5,750	7,754
Gifts-in-kind (Note 9)	112	39
Total fundraising	5,862	7,793
Management and general-		
Management and general	12,792	12,438
Gifts-in-kind (Note 9)	12	9
Total management and general	12,804	12,447
Total Expenses	97,908	101,189
Change in Net Assets Without Donor Restrictions From Continuing Operations	(4,832)	(4,333)
Discontinued Operations (Note 1):		
Loss from discontinued operations	(4,065)	(656)
Income tax benefit	448	41
Change in Net Assets From Discontinued Operations	(3,617)	(615)
Change in Net Assets Without Donor Restrictions	\$ (8,449)	\$ (4,948)

See accompanying notes.

CRISTA MINISTRIES

**Consolidated Statements of Changes in Net Assets
For the Years Ended June 30, 2020 and 2019
(In Thousands)**

	<u>2020</u>	<u>2019</u>
Net Assets Without Donor Restrictions:		
Total revenues, gains and losses	\$ 78,416	\$ 81,895
Contributions released from restrictions	14,660	14,961
Total expenses	(97,908)	(101,189)
Discontinued operations	(3,617)	(615)
	<u>(8,449)</u>	<u>(4,948)</u>
Change in Net Assets Without Donor Restrictions	(8,449)	(4,948)
Net Assets With Donor Restrictions:		
Contributions	11,722	13,824
Contributions released from restrictions	(14,660)	(14,961)
Transfer of endowment due to discontinued operations (Note 1)	(254)	
Investment return, net-		
Income on investments	347	328
Net realized and unrealized gains on investments and planned giving program	331	585
	<u>678</u>	<u>913</u>
Investment return, net	678	913
	<u>(2,514)</u>	<u>(224)</u>
Change in Net Assets With Donor Restrictions	(2,514)	(224)
Total Change in Net Assets	(10,963)	(5,172)
Net assets, beginning of year	103,441	108,613
Net Assets, End of Year	<u>\$ 92,478</u>	<u>\$ 103,441</u>

See accompanying notes.

CRISTA MINISTRIES

Consolidated Statement of Functional Expenses
For the Years Ended June 30, 2020
(In Thousands)

	Program Services	Fundraising	Management and General	Total
Salaries	\$ 30,283	\$ 2,704	\$ 6,168	\$ 39,155
Payroll taxes	2,560	258	623	3,441
Employee benefits	5,952	364	851	7,167
Professional services	1,251	938	679	2,868
Advertising and promotion	230	460	996	1,686
Office expenses	926	384	329	1,639
Information technology	511	151	403	1,065
Occupancy	3,684	2	231	3,917
Travel	1,096	69	57	1,222
Conferences and training	430	16	115	561
Interest	266		66	332
Depreciation and amortization	6,192	127	445	6,764
Insurance	1,007	22	396	1,425
Dues and fees	445	10	42	497
Purchased services	1,866	129	42	2,037
Taxes	98		48	146
Grants	32		30	62
Program supplies	22,413	228	161	22,802
Development losses			774	774
Other			348	348
Total Operating Expenses	79,242	5,862	12,804	97,908
Discontinued operations - KFMK	2,916	279	560	3,755
Discontinued operations - SNF	14,864	35	376	15,275
Discontinued operations - SUA	1,039	684	470	2,193
Total Discontinued Operations Expenses	18,819	998	1,406	21,223
Total Expenses	\$ 98,061	\$ 6,860	\$ 14,210	\$ 119,131

See accompanying notes.

CRISTA MINISTRIES

**Consolidated Statement of Functional Expenses
For the Years Ended June 30, 2019
(In Thousands)**

	Program Services	Fundraising	Management and General	Total
Salaries	\$ 29,206	\$ 3,541	\$ 6,460	\$ 39,207
Payroll taxes	2,366	311	532	3,209
Employee benefits	4,952	371	717	6,040
Professional services	1,122	1,018	940	3,080
Advertising and promotion	345	658	1,120	2,123
Office expenses	1,017	401	334	1,752
Information technology	488	235	393	1,116
Occupancy	3,860		178	4,038
Travel	1,822	166	133	2,121
Conferences and training	429	25	129	583
Interest	291		1	292
Depreciation and amortization	6,295	142	448	6,885
Insurance	953	21	319	1,293
Dues and fees	371	8	91	470
Purchased services	1,940	29	30	1,999
Taxes	224		100	324
Grants	36		27	63
Program supplies	25,232	867	219	26,318
Other			276	276
Total Operating Expenses	80,949	7,793	12,447	101,189
Discontinued operations - KFMK	2,552	250	442	3,244
Discontinued operations - SNF	15,020	18	135	15,173
Discontinued operations - SUA	938	604		1,542
Total Discontinued Operations Expenses	18,510	872	577	19,959
Total Expenses	\$ 99,459	\$ 8,665	\$ 13,024	\$ 121,148

See accompanying notes.

CRISTA MINISTRIES

**Consolidated Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019
(In Thousands)**

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ (10,963)	\$ (5,172)
Adjustments to reconcile change in net assets to net cash provided by operating activities-		
Items considered financing activities:		
Capital campaign contributions	(76)	(118)
Perpetual endowment contributions	(144)	(299)
Noncash changes:		
Depreciation and amortization	6,764	6,885
Depreciation and amortization - discontinued operations	149	122
Amortization of financing costs	22	16
Entry fees earned	(1,089)	(1,423)
Loss on disposal of property	168	
Transfer of endowment due to discontinued operations	254	
Impairment loss - discontinued operations	470	1,381
Net realized and unrealized gains on long-term investments and planned giving program	(591)	(1,492)
Nonrefundable entry fees received	427	1,982
Changes in assets and liabilities:		
Grants receivable	(73)	(160)
Pledges receivable	1,216	(508)
Trade receivables	1,741	(156)
Prepaid expenses and supplies	(459)	(52)
Assets held by field operations	288	75
Deferred rent receivable	(52)	(295)
Assets held for sale	(94)	
Accounts payable and accrued expenses	(381)	1,432
Other long-term liabilities	640	
Deferred revenue, deposits and deferred rent	1,481	(14)
Planned giving program obligations	(388)	119
Liabilities held for sale	1,198	
Net Cash Provided by Operating Activities	508	2,323
Cash Flows From Investing Activities:		
Acquisition of property and equipment	(3,133)	(8,441)
Acquisition of property and equipment - discontinued operations	(135)	
Purchases of investments	(18,373)	(22,637)
Proceeds from sale of investments	8,622	24,359
Net Cash Used by Investing Activities	(13,019)	(6,719)
Cash Flows From Financing Activities:		
Principal payments on long-term obligations	(939)	(933)
Principal payments on long-term obligations for discontinued liabilities	(2,312)	
Change in line of credit	10,000	
Proceeds from long-term obligations		2,395
Principal payment received on note receivable	74	71
Refundable entry fees received	70	397
Entry fee refunds paid	(714)	(1,054)
Proceeds from capital campaign contributions	76	276
Proceeds from perpetual endowment contributions	144	299
Net Cash Provided by Financing Activities	6,399	1,451
Net Change in Cash and Cash Equivalents	(6,112)	(2,945)
Cash and Cash Equivalents:		
Beginning of year	12,620	15,565
End of Year	\$ 6,508	\$ 12,620

See accompanying notes.

CRISTA MINISTRIES

Consolidated Statements of Cash Flows (Continued)
For the Years Ended June 30, 2020 and 2019
(In Thousands)

	<u>2020</u>	<u>2019</u>
Supplemental Disclosure of Cash Flow Information:		
Cash transactions-		
Cash paid during the year for interest	\$ 374	\$ 389
Noncash investing activity-		
Capital acquisitions included in accounts payable	\$ 232	\$ -

See accompanying notes.

CRISTA MINISTRIES

Notes to Consolidated Financial Statements For the Years Ended June 30, 2020 and 2019

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 seven 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.

CRISTA Ministries was founded in 1948 as King's Garden. Today, its seven ministries serving locally and internationally are: CRISTA Senior Living, World Concern, King's Schools, CRISTA Media, CRISTA Camps, Christian Veterinary Mission, and a Chaplaincy Ministry.

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

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 and Christian Veterinary Mission 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"). All significant inter-organization transactions have been eliminated upon 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.

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 - Grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to grants receivable. Grants receivable are due primarily from government agencies and implementing partner organizations and are deemed by management to be fully collectible. Therefore, an allowance for doubtful accounts was not recorded at June 30, 2020 and 2019.

CRISTA MINISTRIES

Notes to Consolidated Financial Statements For the Years Ended June 30, 2020 and 2019

Note 1 - Continued

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. The allowance for doubtful accounts was \$19,000 and \$134,000 at June 30, 2020 and 2019, respectively.

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. All pledges were due within one year as of June 30, 2020; therefore, a present value discount was not recorded for 2020. The present value discount was approximately \$97,000 at June 30, 2019.

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 doubtful accounts was \$740,000 and \$574,000 at June 30, 2020 and 2019, respectively.

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.

Investments and Planned Giving Program Assets - Investments and planned giving program assets consist primarily of marketable debt and equity securities, mutual funds, private equity, real estate investment trust, nonmarketable securities, and an interest in a perpetual trust. Investments in marketable securities, real estate investment trust, and the perpetual trust are stated at fair value. Investments in private equity are reported at their net asset value. Purchases and sales are recorded on a trade-date basis. Interest and dividends, recorded on the accrual basis, and gains and losses on investments are recognized in the consolidated statements of changes in net assets. Investment securities, in general, are exposed to various risks, including interest rate, credit and overall market volatility. It is reasonably probable that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated 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, 2020 and 2019, is included in investments.

CRISTA MINISTRIES

Notes to Consolidated Financial Statements For the Years Ended June 30, 2020 and 2019

Note 1 - Continued

Property and Equipment Used in Ministries and Depreciation - The Organization capitalizes assets with a cost greater than \$3,000 and an estimated useful life of three or more years for equipment and \$5,000 and an estimated useful life of five years for property and improvements, except for assets purchased for use in Senior Ministries, which capitalizes assets of \$750 or more to meet state Medicare guidelines. Certain technology items with a cost greater than \$750 and estimated life of three or more years are also capitalized. 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

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

The purpose of the MLP is to assist impoverished persons to become self-reliant, successful entrepreneurs. The MLP is administered in accordance with guidelines published by World Concern and is tailored to specific conditions of the host country. The majority of these loans mature in one to two years. Based on management's intent and ability to reinvest collected amounts in the MLP in those countries, the balance has been classified as a long-term receivable and included in assets held by field operations on the consolidated balance sheets (Note 8).

Radio Licenses - The Organization has several radio licenses. In accordance with current U.S. GAAP, radio licenses are considered indefinite-lived assets and thus are not amortized but are reviewed on an annual basis for any possible impairment. During the year ended June 30, 2019, management performed an impairment assessment due to changes in the broadcast environment and recognized an impairment loss of \$1,381,000, which is recorded on the consolidated statement of changes in net assets without donor restrictions. Management determined there were no events or changes in circumstance indicating an impaired value of the radio licenses as of June 30, 2020. Radio licenses obtained prior to June 30, 2012 are being amortized over an estimated useful life 40 years. Total accumulated amortization of such radio licenses was \$592,000 and \$577,000 as of June 30, 2020 and 2019, respectively. During the year ended June 30, 2020, the Organization committed to a plan to sell one of its radio licenses; therefore, the radio license is classified as an asset held for sale on the consolidated balance sheets as of June 30, 2020.

Discontinued Operations - During the year ended June 30, 2020, the Organization made the decision to discontinue its skilled nursing facility (SNF) operations that are part of CRISTA's Senior Living ministry. The operations will not be transitioned or sold to another entity. The real property and facilities currently used for SNF will be retained and repurposed by the Organization. Debt associated with SNF will be retained by the Organization, and no modifications to the debt are expected to be made. SNF operations were essentially discontinued by June 30, 2020, and were fully terminated by August 2020 (Note 16).

During the year ended June 30, 2020, the Organization made the decision to discontinue its Seattle Urban Academy (SUA) ministry and broadcasting in the Austin, Texas markets (KFMK). The Organization committed to plans to sell the building that housed SUA and also to sell the KFMK radio license. Both the real and intangible properties are reported at the lower of their carrying values or fair values and are classified as assets held for sale on the consolidated balance sheets.

CRISTA MINISTRIES

Notes to Consolidated Financial Statements
For the Years Ended June 30, 2020 and 2019

Note 1 - Continued

A reconciliation of the carrying amounts of the major classes of assets and liabilities that are classified as held for sale on the consolidated balance sheets consists of the following as of June 30:

	(In Thousands)			
	KFMK	SNF	SUA	Total 2020
Noncurrent Assets Held for Sale:				
Property held for sale	\$ 139	\$ -	\$ 3,734	\$ 3,873
Radio license held for sale	4,800			4,800
Investments			254	254
Total Noncurrent Assets Held for Sale	4,939		3,988	8,927
Total Assets	\$ 4,939	\$ -	\$ 3,988	\$ 8,927
Current Liabilities Held for Sale:				
Accounts payable and accrued expenses	\$ 581	\$ 561	\$ 254	\$ 1,396
Current portion of long-term liabilities		9		9
Total Current Liabilities Held for Sale	581	570	254	1,405
Noncurrent Liabilities Held for Sale:				
Long-term liabilities, net		47		47
Total Long-Term Discontinued Liabilities		47		47
Total Liabilities	\$ 581	\$ 617	\$ 254	\$ 1,452
	(In Thousands)			
	KFMK	SNF	SUA	Total 2019
Noncurrent Assets Held for Sale:				
Property held for sale	\$ 201	\$ -	\$ 3,731	\$ 3,932
Radio license held for sale	4,800			4,800
Investments			250	250
Total Noncurrent Assets Held for Sale	5,001		3,981	8,982
Total Assets	\$ 5,001	\$ -	\$ 3,981	\$ 8,982
Current Liabilities Held for Sale:				
Current portion of long-term debt	\$ -	\$ -	\$ 2,312	\$ 2,312
Total Current Liabilities Held for Sale			2,312	2,312
Total Liabilities	\$ -	\$ -	\$ 2,312	\$ 2,312

CRISTA MINISTRIES

**Notes to Consolidated Financial Statements
For the Years Ended June 30, 2020 and 2019**

Note 1 - Continued

For the year ended June 30, 2019, the current liabilities held for sale included a note payable issued November 2018 totaling \$2,340,000. Interest was fixed at 5% per annum. Monthly principal and interest payments totaling \$13,679 began December 1, 2018 through November 1, 2019. Remaining principal balance and accrued interest was paid on November 16, 2019.

A reconciliation of the major classes of revenue and expense that are classified as discontinued on the consolidated statement of activities consists of the following as of June 30:

	(In Thousands)			
	KFMK	SNF	SUA	Total 2020
Revenues:				
Fees for service	\$ 2,041	\$ 11,430	\$ 21	\$ 13,492
Contributions	868	59	1,999	2,926
Gifts-in-kind	3		32	35
Government grants		767		767
Miscellaneous income (loss)	8	(70)		(62)
Total Revenues	2,920	12,186	2,052	17,158
Expenses:				
Program	2,916	14,864	1,039	18,819
Fundraising	279	35	684	998
Management and general	560	376	470	1,406
Total Expenses	3,755	15,275	2,193	21,223
Loss from discontinued operations	(835)	(3,089)	(141)	(4,065)
Income tax benefit	448			448
Change in Net Assets From Discontinued Operations	\$ (387)	\$ (3,089)	\$ (141)	\$ (3,617)

CRISTA MINISTRIES

**Notes to Consolidated Financial Statements
For the Years Ended June 30, 2020 and 2019**

Note 1 - Continued

	(In Thousands)			
	KFMK	SNF	SUA	Total 2019
Revenues:				
Fees for service	\$ 2,253	\$ 14,817	\$ 25	\$ 17,095
Contributions	735	7	2,801	3,543
Gifts-in-kind	5		25	30
Miscellaneous income (loss)	12	(3)	(4)	5
Income on investments		2	9	11
Impairment loss	(1,381)			(1,381)
Total Revenues	1,624	14,823	2,856	19,303
Expenses:				
Program	2,552	15,020	938	18,510
Fundraising	250	18	604	872
Management and general	442	135		577
Total Expenses	3,244	15,173	1,542	19,959
Income (loss) from discontinued operations	(1,620)	(350)	1,314	(656)
Income tax benefit	41			41
Change in Net Assets From Discontinued Operations	\$ (1,579)	\$ (350)	\$ 1,314	\$ (615)

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.

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, 2020 and 2019, 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, 2020 and 2019, 34% and 12%, 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 FDIC and SIPC insurance limits. Development loans receivable are due from a large number of loans granted under the Organization's MLP in Bangladesh.

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.

CRISTA MINISTRIES

Notes to Consolidated Financial Statements For the Years Ended June 30, 2020 and 2019

Note 1 - Continued

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

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 80% of the entry fees paid, depending upon length of residency. Refundable entry fees are reported as a liability on the consolidated balance sheets. The nonrefundable portion of the entry fee is considered deferred revenue and is amortized to income based upon the life expectancy of the residents.

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, 2020 and 2019. No unfunded liability exists for obligations to provide future services as of June 30, 2020 and 2019.

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 permanently 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 where restrictions are satisfied within the same year are reported as revenue without donor 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. Any translation adjustments are included in the consolidated statements of changes in net assets without donor restrictions.

CRISTA MINISTRIES

Notes to Consolidated Financial Statements For the Years Ended June 30, 2020 and 2019

Note 1 - Continued

Revenue Recognition - Fees for services and miscellaneous income consist of revenues from exchange transactions with customers during the year. Such revenue is recognized in the period the service is performed. Government grant revenue is recognized in the period the related expenses are incurred. Contributions are recognized as revenues in the period received, except for unconditional promises to give, which are recognized in the period the unconditional promise is made. Contributions also include noncash gifts (gifts-in-kind), which are valued at estimated fair value at the date of gift (Note 9). Conditional grants and contributions are recognized as revenue when the donor conditions upon which they depend are substantially met. Advances received but not yet earned under the various grants and contributions are reported as deferred revenue. Outstanding conditional grants and contributions totaled approximately \$8,677,000 as of June 30, 2020 and are expected to be recognized as revenue during the next three years.

Nonfinancial 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 on the date received (Note 9).

Senior Living recognizes revenue based on estimated net realizable amounts from patients and third-party payors, which includes the Medicaid and Medicare programs. 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.

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 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 departments and legal department expenses are allocated based on level of effort. Information technology costs are allocated based on workorders and network accounts. Facility expenses are allocated based upon workorders. Security, housekeeping and ground expenses are allocated based upon square footage.

Adoption of New Accounting Pronouncement - During the year ended June 30, 2020, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2018-08 - *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This update was issued to clarify and improve the scope and accounting guidance for contributions received and contributions made. The update assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and (2) determining whether a contribution is conditional.

The primary effect of adoption of this ASU for the Organization is that certain contributions received that were previously treated as unconditional are now treated as conditional. As a result, revenue for these contributions are recognized when the conditions are met during the grant term, whereas previously revenue had been recognized when the contributions were awarded. The effect of this change was a decrease of approximately \$2,043,000 to donor-restricted contribution revenue and change in net assets for the year ended June 30, 2020.

The Organization has elected to adopt the changes from this ASU prospectively starting in the year ended June 30, 2020, and accordingly, no changes have been made to balances reported in the consolidated financial statements for the year ended June 30, 2019.

CRISTA MINISTRIES

Notes to Consolidated Financial Statements For the Years Ended June 30, 2020 and 2019

Note 1 - Continued

Income Taxes - The Internal Revenue Service (IRS) has determined that CRISTA and WCDO are exempt from federal income taxes under Sections 501(c)(3) and 509(a)(1) of the Internal Revenue Code, with the exception of certain activities that result in unrelated business income which are taxable. The Organization had federal income tax overpayments of \$39,000 and \$172,000 that are included in trade receivables on the consolidated balance sheets as June 30, 2020 and 2019, respectively.

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, 2020 and 2019.

Reclassifications - Certain reclassifications were made to the 2019 financial statements to conform to the 2020 presentation. The reclassifications have no effect on the previously reported total assets, liabilities, net assets and change in net assets.

Note 2 - Cash and Cash Equivalents

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

	(In Thousands)	
	2020	2019
Cash	\$ 2,263	\$ 4,710
Money market, CDs and other	4,245	7,910
Total Cash and Cash Equivalents	\$ 6,508	\$ 12,620

Cash and cash equivalents include approximately \$2,215,000 and \$1,317,000 as of June 30, 2020 and 2019, 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)	
	2020	2019
Pledges due in less than one year	\$ 424	\$ 703
Pledges due in one to five years	30	1,399
More than five years		250
	454	2,352
Less allowance for uncollectible pledges	(19)	(134)
Less present value discount		(97)
Pledges Receivable, Net	\$ 435	\$ 2,121

CRISTA MINISTRIES

Notes to Consolidated Financial Statements
For the Years Ended June 30, 2020 and 2019

Note 3 - Continued

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

	(In Thousands)	
	2020	2019
Pledges receivable, current portion	\$ 424	\$ 703
Long-term pledges receivable, net	11	1,418
Pledges Receivable, Net	\$ 435	\$ 2,121

Pledges receivable to be used for investment in long-term assets, such as buildings, property and equipment, are presented on the consolidated balance sheets as noncurrent regardless of when they are expected to be paid.

Note 4 - Investments and Planned Giving Program Assets

Investments and planned giving program assets consist of the following as of June 30:

	(In Thousands)	
	2020	2019
Investments-		
Cash and cash equivalents	\$ 10,809	\$ 442
Marketable equity securities	14,846	15,102
Marketable debt securities	14,697	15,541
Alternative strategies	1,764	2,004
Private equities	4,960	3,685
Nonmarketable equity securities	366	366
	47,442	37,140
Planned giving program assets-		
Cash and cash equivalents (at cost)	640	213
Marketable equity securities	1,206	1,150
Marketable debt securities	565	1,108
Beneficial interest in perpetual trust held by third party	1,765	1,665
	4,176	4,136
Total Investments and Planned Giving Program Assets	\$ 51,618	\$ 41,276

Investments are classified on the consolidated balance sheets as the following as of June 30:

	(In Thousands)	
	2020	2019
Short-term investments	\$ 737	\$ 1,080
Long-term investments	46,705	36,060
Total Investments	\$ 47,442	\$ 37,140

CRISTA MINISTRIES

Notes to Consolidated Financial Statements For the Years Ended June 30, 2020 and 2019

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. There have been no changes in the methodologies used at June 30, 2020 and 2019.

Mutual Funds and Alternative 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.

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 - 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.

CRISTA MINISTRIES

Notes to Consolidated Financial Statements
For the Years Ended June 30, 2020 and 2019

Note 5 - Continued

A reconciliation of the investments and planned giving assets measured at fair value on a recurring basis to total investments is as follows as of June 30:

	(In Thousands)	
	2020	2019
Assets recorded at fair value on a recurring basis	\$ 39,803	\$ 40,255
Assets recorded at cost	11,815	1,021
Total Investments and Planned Giving	<u>\$ 51,618</u>	<u>\$ 41,276</u>

Assets recorded at fair value on a recurring basis were as follows as of June 30, 2020:

	(In Thousands)			
	Level 1	Level 2	Level 3	Total
Equity mutual funds-				
U.S. large cap	\$ 8,083	\$ -	\$ -	\$ 8,083
U.S. mid cap	1,356			1,356
International	6,613			6,613
Fixed income mutual funds-				
U.S.	13,130			13,130
Total mutual funds	29,182			29,182
Alternative funds-				
Hedge	543			543
Real estate	467			467
Commodities	754			754
Total alternative funds	1,764			1,764
Corporate bonds		2,088		2,088
Municipal and education bonds	44			44
Perpetual trust held by third party			1,765	1,765
Total Investments in the Fair Value Hierarchy	<u>\$ 30,990</u>	<u>\$ 2,088</u>	<u>\$ 1,765</u>	<u>34,843</u>
Private equity investments measured at NAV				4,960
Investments at Fair Value				<u>\$ 39,803</u>

CRISTA MINISTRIES

Notes to Consolidated Financial Statements
For the Years Ended June 30, 2020 and 2019

Note 5 - Continued

Assets recorded at fair value on a recurring basis were as follows as of June 30, 2019:

	(In Thousands)			Total
	Level 1	Level 2	Level 3	
Equity mutual funds-				
U.S. large cap	\$ 7,674	\$ -	\$ -	\$ 7,674
U.S. mid cap	1,949			1,949
U.S. small cap	145			145
International	6,339			6,339
Blended	24			24
Fixed income mutual funds-				
U.S.	13,913			13,913
International	9			9
Total mutual funds	30,053			30,053
Alternative funds-				
Hedge	873			873
Real estate	695			695
Commodities	436			436
Total alternative funds	2,004			2,004
Equity securities	121			121
Corporate bonds		2,053		2,053
Municipal and education bonds	43	631		674
Perpetual trust held by third party			1,665	1,665
Total Investments in the Fair Value Hierarchy	\$ 32,221	\$ 2,684	\$ 1,665	36,570
Private equity investments measured at NAV				3,685
Investments at Fair Value				\$ 40,255

CRISTA MINISTRIES

**Notes to Consolidated Financial Statements
For the Years Ended June 30, 2020 and 2019**

Note 5 - Continued

The following table lists, by category, investments in private equity for which fair value is measured using the NAV per share practical expedient; it summarizes significant terms of the agreements with certain investment companies; and it discloses unfunded investment commitments:

<u>Strategy</u>	<u>(In Thousands)</u>		<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>	<u>Other Restrictions</u>
	<u>Fair Value June 30, 2020</u>	<u>Unfunded Commitments</u>			
Private equity- Limited partnerships and limited liability company	\$ 4,960	\$ 2,474	Not currently redeemable.	Not currently redeemable.	Not currently redeemable.

The private equity investments consist 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 7). Annual distributions are made from the trust by the trustees; therefore, no redemption terms or restrictions apply.

A reconciliation of the beginning and ending balance of the perpetual trust, measured using significant unobservable inputs (Level 3) follows:

	<u>(In Thousands)</u>
Balance as of July 1, 2018	\$ 1,638
Total realized and unrealized gains	<u>27</u>
Balance as of June 30, 2019	1,665
Total realized and unrealized gains	<u>100</u>
Balance as of June 30, 2020	<u>\$ 1,765</u>

CRISTA MINISTRIES

Notes to Consolidated Financial Statements For the Years Ended June 30, 2020 and 2019

Note 6 - Property and Equipment Used in Ministries

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

	(In Thousands)	
	2020	2019
Land	\$ 6,585	\$ 6,585
Buildings and improvements	129,053	128,869
Furniture, equipment and other	16,866	19,364
Construction in progress	473	1,248
Total depreciable property and equipment before depreciation	152,977	156,066
Less accumulated depreciation	(89,378)	(88,586)
Property and Equipment, Net	\$ 63,599	\$ 67,480

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% to 7% 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 \$745,000 and \$809,000 at June 30, 2020 and 2019, 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% to 7% and totaled \$368,000 and \$667,000 and at June 30, 2020 and 2019, 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 gains of \$7,000 and \$20,000 during the years ended June 30, 2020 and 2019, respectively, 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 statements of changes in net assets. There were no contributions to irrevocable trusts during the years ended June 30, 2020 and 2019. One trust matured during the year ended June 30, 2020, and the residual trust assets were retained by the Organization and are reflected in its investment balances.

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 \$1,651,000 and \$1,647,000 as of June 30, 2020 and 2019, respectively. The present values of the payments due to the beneficiaries are recorded as liabilities and totaled \$1,409,000 and \$1,498,000 as of June 30, 2020 and 2019, 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 36 and 37.

CRISTA MINISTRIES

Notes to Consolidated Financial Statements For the Years Ended June 30, 2020 and 2019

Note 7 - Continued

Gift Loan Agreements - Gift loan agreements represent demand notes with interest rates of 5% that become contributions to the Organization upon the death of the note holder. Gift loan agreement liabilities totaled \$15,000 at both June 30, 2020 and 2019, respectively, and the Organization has set aside sufficient assets to cover these liabilities.

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 \$1,765,000 and \$1,665,000 at June 30, 2020 and 2019, respectively, and is included in net assets with donor restrictions. The Organization received distributions totaling \$81,000 and \$78,000 for the years ended June 30, 2020 and 2019, respectively. The distributions are available for general operations. Changes in the value of the underlying assets of \$100,000 and \$27,000 for the years ended June 30, 2020 and 2019, respectively, have been recorded in the accompanying consolidated statements of changes in net assets with donor restrictions as net realized and unrealized gains on investments.

Planned giving program assets were as follows as of June 30:

	(In Thousands)	
	2020	2019
Irrevocable trusts	\$ 745	\$ 809
Annuities	1,651	1,647
Gift loan agreements	15	15
Perpetual trust	1,765	1,665
Total Planned Giving Assets	\$ 4,176	\$ 4,136

Planned giving program liabilities were as follows as of June 30:

	(In Thousands)	
	2020	2019
Irrevocable trusts	\$ 368	\$ 667
Annuities	1,409	1,498
Gift loan agreements	15	15
Total Planned Giving Liabilities	\$ 1,792	\$ 2,180

CRISTA MINISTRIES

Notes to Consolidated Financial Statements For the Years Ended June 30, 2020 and 2019

Note 8 - 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 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 sheets as a part of assets held by field operations.

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

	(In Thousands)	
	2020	2019
Receivables from individuals in Bangladesh	\$ 4,414	\$ 4,331
Less allowance for doubtful accounts-		
Beginning balance	(381)	(315)
Provision for loan losses	(426)	(66)
	<u>(807)</u>	<u>(381)</u>
Microloans Receivable, Net	<u>\$ 3,607</u>	<u>\$ 3,950</u>

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

	(In Thousands)	
	2020	2019
Less than one year	\$ 181	\$ 168
One to five years	<u>222</u>	<u>154</u>
Total Loans Past Due	<u>\$ 403</u>	<u>\$ 322</u>

The average loan size was \$296 and \$473 at June 30, 2020 and 2019, 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 the geographic concentration in Bangladesh, a developing country, which represents 100% of the total development loans receivable at June 30, 2020 and 2019.

The Organization holds approximately \$1,872,000 and \$1,737,000 in deposits against the loans from the individuals in the MLP at June 30, 2020 and 2019, respectively. These are returned to the individuals when the loans are repaid, but they are also used to offset losses if the individuals default on their loans. The deposits are reflected as liabilities in the consolidated balance sheets as a part of payables held by field operations.

CRISTA MINISTRIES

Notes to Consolidated Financial Statements For the Years Ended June 30, 2020 and 2019

Note 8 - Continued

A summary of assets held by field operations is as follows for the years ended June 30:

	(In Thousands)	
	2020	2019
Microloans receivable, net	\$ 3,607	\$ 3,950
Other overseas assets	195	140
Assets Held by Field Operations	\$ 3,802	\$ 4,090

Note 9 - 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. There was no inventory on hand at June 30, 2020 and 2019.

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.

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

The deworming medication is restricted to use outside the United States and is used in international health services and natural disaster services. In valuing the deworming medication not legally permissible for sale in the United States, and primarily consumed in developing markets, the Organization obtains market data from third-party sources representing wholesale exit prices in the developing markets in which the deworming medication is approved for sale, that is, the principal markets. The valuation per unit for each type of medicine obtained is based on the average price over the most recent four quarters in representative developing markets 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 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.

CRISTA MINISTRIES

Notes to Consolidated Financial Statements For the Years Ended June 30, 2020 and 2019

Note 9 - Continued

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

	(In Thousands)	
	2020	2019
Medicines and medical supplies	\$ 12,419	\$ 14,243
Other supplies	156	231
Advertising	109	37
Travel		5
Clothing	50	
Total Gifts-in-Kind Revenue	\$ 12,734	\$ 14,516

For the years ended June 30, 2020 and 2019, the Organization distributed approximately 10.7 million and 12.2 million deworming pills, respectively, to children and adults in several countries, including Haiti, Somalia, Bangladesh, Kenya, South Sudan, Burundi, Zambia, and Dominican Republic. Of the total GIK, during the years ended June 30, 2020 and 2019, 97% and 98%, respectively, came from a single source.

Note 10 - Long-Term Debt

Long-term debt consisted of the following as of June 30:

	(In Thousands)	
	2020	2019
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 - interest is fixed at 2.61% per annum. Monthly principal payments totaling \$73,907 to \$97,504 are due through January 1, 2026.	\$ 5,833	\$ 6,771
Tax exempt private placement bonds issued in October 2015 to provide for refurbishment of senior living facilities - interest is fixed at 2.99% per annum. Interest payments are due in monthly installments through October 1, 2030. Monthly principal payments totaling \$48,243 to \$59,271 begin February 1, 2026 through October 1, 2030.	3,000	3,000
	8,833	9,771
Less unamortized financing costs	(141)	(162)
Long-term debt, net	8,692	9,609
Less current portion	(974)	(939)
Total Long-Term Debt	\$ 7,718	\$ 8,670

CRISTA MINISTRIES

Notes to Consolidated Financial Statements For the Years Ended June 30, 2020 and 2019

Note 10 - Continued

Interest expense was \$374,000 and \$367,000 for the years ended June 30, 2020 and 2019.

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 in the amount of \$9,999,000 to refinance prior bonds originally issued in December 2010. The tax exempt bonds are secured by land, buildings, and equipment with aggregate net book values of \$12,493,000 and \$12,807,000, at June 30, 2020 and 2019, respectively and which were appraised at \$24.4 million as of July, 2020. The Organization did not meet the required minimum debt service coverage ratio requirement as defined in the Credit Agreement as of June 30, 2020. The Organization has received a waiver letter from the lender waiving this non-compliance. The lender provided modified debt covenants for December 2020 in the same waiver letter. The Organization was in compliance with all restrictive covenants during fiscal 2019.

Principal maturities on long-term obligations are as follows:

For the Year Ending June 30,	<u>(In Thousands)</u>
2021	\$ 974
2022	1,011
2023	1,049
2024	1,088
2025	1,130
Thereafter	<u>3,581</u>
Total principal maturities	8,833
Less unamortized financing costs	<u>(141)</u>
Total Long-Term Debt	<u>\$ 8,692</u>

The Organization has a line of credit agreement expiring December 31, 2021, which provides for a total commitment of \$10,000,000. The line of credit bears a variable interest rate of the one-month LIBOR rate plus 1.95% or the CB Floating Rate. There was an outstanding balance at June 30, 2020 and 2019 of \$10,000,000 and \$0, respectively. The Organization was in compliance with covenants on the line of credit agreement during fiscal years 2020 and 2019.

Subsequent to year end, amendments to the Series 2015 and Series 2010 bonds and the line of credit were finalized. There is no change to the maturity date of the bonds, but the new interest rate for the Series 2015 bonds is 3.24% and for the Series 2010 bonds is 2.86%. The maturity date for the for the line of credit is now December 31, 2020.

Note 11 - Endowment

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.

CRISTA MINISTRIES

**Notes to Consolidated Financial Statements
For the Years Ended June 30, 2020 and 2019**

Note 11 - Continued

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 endowments 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:

	(In Thousands)	
	2020	2019
Perpetual endowment funds-		
Original donor-restricted gift amount	\$ 5,861	\$ 5,717
Accumulated investment (losses) gains	(47)	216
Non-perpetual endowment funds	8,525	9,757
Total Endowment Fund	\$ 14,339	\$ 15,690

Changes to endowment net assets are as follows for the year ended June 30:

	(In Thousands)	
	2020	2019
Endowment net assets, beginning of year	\$ 15,690	\$ 15,588
Endowment investment return, net	615	865
Contributions	184	391
Distributions	(2,150)	(1,154)
Endowment Net Assets	\$ 14,339	\$ 15,690

CRISTA MINISTRIES

Notes to Consolidated Financial Statements For the Years Ended June 30, 2020 and 2019

Note 11 - Continued

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 NFP to retain as a fund of perpetual duration. As of June 30, 2020, deficiencies of this nature exist in three donor-restricted endowment funds, which together have an original gift value of \$1,439,000, a current fair value of \$1,224,000, and a deficiency of \$215,000. As of June 30, 2019, deficiencies of this nature existed in one donor-restricted endowment fund, which had an original gift value of \$1,239,000, the current fair value of \$1,062,000, and a deficiency of \$177,000. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds and continued appropriation for certain programs as stipulated in the donor agreement. 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 7%, or total return of Consumer Price Index plus 3%, whichever is greater. Actual returns may vary significantly from this objective in any given year.

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

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 2% 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 totaling approximately \$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.

Note 12 - Long-Term Note Receivable

On June 29, 2012, the Organization signed an agreement to lease its Crosspoint Academy building to another entity (the "Lessee"). Crosspoint Academy is a K-12 school located in Bremerton, Washington. The Lessee operates its own Christian school in the Crosspoint building beginning July 1, 2012. The agreement allows for below market rent beginning in July 2012 and includes clauses increasing rent during the term of the lease based on enrollment. The agreement also includes a purchase option that must be exercised in writing no later than sixty days prior to the end of the lease term. During the year ended June 30, 2016, the lease was amended to extend the lease term from June 30, 2016 to August 31, 2016. In the amendment, the Lessee elected to exercise the purchase option to purchase the property for \$2,000,000 less a \$50,000 rent credit, for a net purchase price of \$1,950,000. The Lessee made a down payment of \$250,000 with the remaining amount financed through a promissory note. The note bears interest at 5% per annum. Annual installment payments of not less than \$150,000 per year began September 1, 2017, and will continue through September 1, 2021, at which time installment payments of not less than \$200,000 will begin and continue until the note is paid in full.

CRISTA MINISTRIES

Notes to Consolidated Financial Statements For the Years Ended June 30, 2020 and 2019

Note 13 - Commitments and Contingencies

Leases - The Organization is obligated under various operating leases for office equipment, office and radio tower space. Lease expense for the years ended June 30, 2020 and 2019, was \$657,000 and \$690,000, respectively. Future minimum lease payments for operating leases that have initial or remaining noncancelable lease terms in excess of one year are as follows:

For the Year Ending June 30,	(In Thousands)
2021	\$ 639
2022	442
2023	244
2024	177
2025	177
Thereafter	<u>561</u>
Total Future Minimum Lease Payments	<u>\$ 2,240</u>

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 has been suspended for calendar years 2020 and 2019. 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. Effective January 1, 2020, the Organization elected to suspend employer matching contributions. Total employer contributions expensed during the years ended June 30, 2020 and 2019, were \$626,000 and \$829,000, 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 2 to 3 months) and workers compensation claims (generally 1 to 3 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 sheets. The IBNR totaled \$592,000 and \$509,000 as of June 30, 2020 and 2019, respectively. The liability for the workers' compensation benefit claims due in less than one year totaled \$193,000 and \$173,000 as of June 30, 2020 and 2019, respectively, and is recorded in accounts payable and accrued expenses. The liability for claims greater than one year is recorded in long-term liabilities (Note 1) in the accompanying consolidated balance sheets and totaled \$193,000 and \$173,000 as of June 30, 2020 and 2019, respectively.

Contingencies - Amounts received under federal 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 financial position or results of activities.

CRISTA MINISTRIES

Notes to Consolidated Financial Statements For the Years Ended June 30, 2020 and 2019

Note 13 - Continued

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 14 - Liquidity and Availability of Financial Assets

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

	(In Thousands)	
	2020	2019
Total cash and cash equivalents	\$ 6,508	\$ 12,620
Grants receivable	481	408
Pledges receivable	435	2,121
Trade receivables	2,621	4,362
Note receivable	1,545	1,619
Investments	47,442	37,140
Planned giving program assets	4,176	4,136
Total financial assets	63,208	62,406
Receivables scheduled to be collected in more than one year	(1,431)	(2,913)
Planned giving obligations	(1,792)	(2,180)
Perpetual endowments	(5,814)	(5,933)
Non-perpetual endowments	(8,525)	(9,757)
Perpetual trust	(1,765)	(1,665)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 43,881	\$ 39,958

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 and monitors its liquidity monthly and monitors its reserves quarterly. The Organization also has a line of credit available to meet short-term needs (Note 10). During each of the years ended in June 30, 2020 and 2019, the organization experienced negative changes in net assets without donor restrictions. The financial losses that contributed to these negative changes were primarily related to operations which have been discontinued. The Organization's cash and liquidity reserves, including its line of credit, are sufficient to absorb these negative changes in net assets and remain sufficient for the Organization's operating needs. During the years ended June 30, 2020 and 2019, the level of liquidity and reserves was managed within the policy requirements.

CRISTA MINISTRIES

Notes to Consolidated Financial Statements For the Years Ended June 30, 2020 and 2019

Note 15 - Coronavirus Pandemic

In December 2019, a novel strain of the coronavirus (COVID-19) was identified, and the World Health Organization declared the outbreak to constitute a “Public Health Emergency of International Concern.” The COVID-19 pandemic caused business disruption through mandated and voluntary closing of multiple businesses and organizations. The Organization complied with changes mandated by Washington state and the foreign countries in which the Organization works. The changes included increased safety protocols across all ministries and transitioning traditional classes to a remote learning platform on March 10, 2020. While the situation is expected to be temporary, the extent of the impact of COVID-19 on the Organization’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the effect on the Organization’s donors, students, residents, employees, and vendors, none of which can be reliably predicted at this time. Management continues to monitor events and conditions as they unfold and has established strategies to respond accordingly.

In response to COVID-19, the U.S. Congress passed the Coronavirus Aid, Relief, and Economic Securities Act (CARES Act). The CARES Act allows employers to defer payment of the employer Social Security taxes that are otherwise owed for wage payments made after March 27, 2020, through December 31, 2020. The deposit due date for 50% of the deferred Social Security taxes is December 31, 2021, with the remaining 50% deferred until December 31, 2022. The Organization elected to utilize this option, and the deferred employer portion of Social Security taxes, totaling approximately \$629,000 as of June 30, 2020, is included in other long-term liabilities on the consolidated balance sheets.

As part of the CARES Act, the Organization received funding from the U.S. Department of Health and Human Services as part of the Provider Relief Fund. The Provider Relief Fund is to be used to “prevent, prepare for, and respond to coronavirus” by hospitals and other healthcare providers, such as the Organization’s skilled nursing operations of its Senior Living ministry. Provider Relief Fund support received during the year ended June 30, 2020, totaled approximately \$767,000. The Organization believes that it has met the conditions to entitlement to these funds by June 30, 2020, based on available guidance from the Federal Government, and has recognized revenue totaling approximately \$767,000 as government grants, included within discontinued operations for SNF (Note 1). Revenue from this grant is subject to audit required by the granting agency, which could result in adjustments to revenue. Any adjustments would be recorded at the time that such amounts could first be reasonably determined, normally upon notification by the government agency.

Note 16 - Subsequent Events

The Organization has evaluated subsequent events with respect to the consolidated financial statements for the year ended June 30, 2020, through November 20, 2020, 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 except as discussed below.

Discontinued Operations - During the year ended June 30, 2020, the Organization elected to discontinue its skilled nursing operations (Note 1). Skilled nursing operations were fully terminated in August 2020.

Property and Radio License Held for Sale - In August 2020, the Organization signed a purchase and sale agreement for the building that was classified as held for sale as of June 30, 2020 (Note 1). The sale is expected to be completed by December 2020 and result in a gain on the sale. In September 2020, the Organization signed a purchase and sale agreement for the radio license that was classified as held for sale as of June 30, 2020 (Note 1). The sale was completed on November 18, 2020 and resulted in a gain on the sale of approximately \$1 million.

Long-Term Debt - Amendments were negotiated to the Series 2015 and Series 2010 bonds and to the line of credit (Note 10).

SUPPLEMENTARY INFORMATION

CRISTA MINISTRIES

Consolidating Balance Sheet - Assets June 30, 2020 (In Thousands)

	CRISTA Ministries (Certificate Holder)	CRISTA Ministries Canada	World Concern Development Organization	Eliminating Entries	Total
Assets					
Current Assets:					
Cash and cash equivalents-					
Available for current ministries	\$ 2,286	\$ 226	\$ 48	\$ -	\$ 2,560
Held for donor restricted ministry purposes	1,959	61			2,020
Held by field operations	1,928				1,928
Total cash and cash equivalents	6,173	287	48		6,508
Grants receivable	312		169		481
Pledges receivable, current portion	422	2			424
Trade receivables, net	2,586	35	1,172	(1,172)	2,621
Note receivable, current portion	125				125
Short-term investments	737				737
Prepaid expenses and supplies	1,459				1,459
Total Current Assets	11,814	324	1,389	(1,172)	12,355
Long-term investments-					
Available for current ministries	32,254				32,254
Endowment accounts	14,085				14,085
Other investments	366				366
Total long-term investments	46,705				46,705
Long-term pledges receivable, net	11				11
Planned giving program assets	4,176				4,176
Property and equipment used in ministries, net	63,599				63,599
Assets held by field operations	3,802				3,802
Long-term note receivable, net	1,420				1,420
Deferred rent receivable	347				347
Radio licenses, net	7				7
Noncurrent assets held for sale	8,927				8,927
Total Assets	\$ 140,808	\$ 324	\$ 1,389	\$ (1,172)	\$ 141,349

See independent auditor's report.

CRISTA MINISTRIES

Consolidating Balance Sheet - Liabilities and Net Assets June 30, 2020 (In Thousands)

	CRISTA Ministries (Certificate Holder)	CRISTA Ministries Canada	World Concern Development Organization	Eliminating Entries	Total
Liabilities and Net Assets					
Current Liabilities:					
Accounts payable and accrued expenses	\$ 9,334	\$ 37	\$ -	\$ (1,172)	\$ 8,199
Accounts payable held in field offices	2,881				2,881
Deferred revenue	3,279				3,279
Line of credit	10,000				10,000
Current portion of long-term debt	974				974
Current liabilities held for sale	1,405				1,405
Total Current Liabilities	27,873	37		(1,172)	26,738
Long-term debt, net	7,718				7,718
Other long-term liabilities	1,057				1,057
Refundable entry fees	5,266				5,266
Nonrefundable entry fees	5,800				5,800
Deposits and deferred rent	453				453
Planned giving program obligations	1,792				1,792
Noncurrent liabilities held for sale	47				47
Total Liabilities	50,006	37		(1,172)	48,871
Net Assets:					
Without donor restrictions-					
General	2,045	227	1,375		3,647
Represented by property, equipment and intangibles owned by the Organization	63,446				63,446
Total net assets without donor restrictions	65,491	227	1,375		67,093
With donor restrictions-					
Restricted for program activities	8,533	60	14		8,607
Restricted for capital acquisitions	297				297
The Organization's portion of irrevocable trust agreements	377				377
Student financial aid and teacher excellence endowment	3,725				3,725
Senior living resident financial aid endowment	2,137				2,137
World Concern term endowment	4,856				4,856
Restricted for endowment funds	3,621				3,621
Perpetual trust	1,765				1,765
Total net assets with donor restrictions	25,311	60	14		25,385
Total Net Assets	90,802	287	1,389		92,478
Total Liabilities and Net Assets	\$ 140,808	\$ 324	\$ 1,389	\$ (1,172)	\$ 141,349

See independent auditor's report.