



***CHRISTIAN  
VETERINARY  
MISSION***

Financial Statements and Supplemental Information with  
Independent Auditors' Report

June 30, 2010 and 2009

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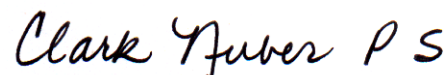
***Independent Auditors' Report******Board of Trustees  
CRISTA Ministries  
Shoreline, Washington***Certified Public  
Accountants  
and Consultants

We have audited the accompanying balance sheets of Christian Veterinary Mission ("CVM"), a division of CRISTA Ministries, as of June 30, 2010 and 2009, and the related statements of unrestricted activities, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of CVM's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CVM as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements of CVM taken as a whole. The supplemental information presented on page 14 is presented for additional analysis and is not a required part of the basic financial statements. This supplemental information is the responsibility of the Organization's management. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Certified Public Accountants  
September 9, 2010

**CHRISTIAN VETERINARY MISSION**  
*(A Division of CRISTA Ministries)*

**Balance Sheets**  
*(In Thousands)*

	<i>June 30,</i>	<u>2010</u>	<u>2009</u>
<b>Assets</b>			
<b>Current Assets:</b>			
Cash and cash equivalents		\$ 1,845	\$ 1,542
Receivables		<u>3</u>	<u>          </u>
<b>Total Current Assets</b>		<b>1,848</b>	<b>1,542</b>
Investments		<u>793</u>	<u>743</u>
<b>Total Assets</b>		<b><u>\$ 2,641</u></b>	<b><u>\$ 2,285</u></b>
 <b>Liabilities and Net Assets</b>			
<b>Current Liabilities:</b>			
Accounts payable and accrued expenses		\$ 447	\$ 455
Deferred revenue		<u>12</u>	<u>12</u>
<b>Total Current Liabilities</b>		<b>459</b>	<b>467</b>
Commitments and contingencies (Note 6)			
<b>Net Assets:</b>			
Unrestricted		(458)	(466)
Temporarily restricted:			
Restricted for program activities		1,844	1,542
Restricted for endowment funds		<u>796</u>	<u>742</u>
Total temporarily restricted		<u>2,640</u>	<u>2,284</u>
<b>Total Net Assets</b>		<b><u>2,182</u></b>	<b><u>1,818</u></b>
<b>Total Liabilities and Net Assets</b>		<b><u>\$ 2,641</u></b>	<b><u>\$ 2,285</u></b>

*The accompanying notes are an integral part of the financial statements.*

**CHRISTIAN VETERINARY MISSION**  
(A Division of CRISTA Ministries)

**Statements of Unrestricted Activities**  
(In Thousands)

	<i>Years Ended June 30,</i>	<u>2010</u>	<u>2009</u>
<b>Revenues, Gains, and Losses:</b>			
Contributions		\$ 2,828	\$ 2,549
Contributions released from restrictions		1,032	1,088
Gifts-in-kind		58	105
Net realized and unrealized losses on investments			(343)
Income on investments		3	18
Fees for service		46	48
		<u>3,967</u>	<u>3,465</u>
<b>Total Revenues, Gains, and Losses</b>			
<b>Expenses:</b>			
Program services:			
Relief and development services		3,276	3,150
Mission and development education		46	65
		<u>3,322</u>	<u>3,215</u>
Total program services			
Supporting services:			
Fundraising and promotion		512	544
Management and general		87	91
		<u>599</u>	<u>635</u>
Total supporting services			
		<u>3,921</u>	<u>3,850</u>
<b>Total Expenses</b>			
		<u>\$ 46</u>	<u>\$ (385)</u>
<b>Change in Unrestricted Net Assets</b>			

*The accompanying notes are an integral part of the financial statements.*

**CHRISTIAN VETERINARY MISSION**  
*(A Division of CRISTA Ministries)*

**Statements of Changes in Net Assets**  
*(In Thousands)*

	<i>Years Ended June 30,</i>	<u>2010</u>	<u>2009</u>
<b>Unrestricted Net Assets:</b>			
Total unrestricted revenue, gains, and losses		\$ 2,935	\$ 2,377
Contributions released from restriction		1,032	1,088
Total unrestricted expenses		<u>(3,921)</u>	<u>(3,850)</u>
<b>Change in Unrestricted Net Assets</b>		<b>46</b>	<b>(385)</b>
<b>Temporarily Restricted Net Assets:</b>			
Contributions		1,397	1,046
Income on investments		1	20
Net realized and unrealized gains (losses) on investments		10	(252)
Contributions released to World Concern		(20)	(15)
Contributions released from restriction		<u>(1,032)</u>	<u>(1,088)</u>
<b>Change in Temporarily Restricted Net Assets</b>		<b>356</b>	<b>(289)</b>
<b>Change in Net Assets Before Transfers</b>		<b>402</b>	<b>(674)</b>
Transfer to CRISTA Ministries for future ministry activity		<u>(38)</u>	<u></u>
<b>Total Change in Net Assets</b>		<b>364</b>	<b>(674)</b>
Beginning of year net assets		<u>1,818</u>	<u>2,492</u>
<b>End of Year Net Assets</b>		<b><u>\$ 2,182</u></b>	<b><u>\$ 1,818</u></b>

*The accompanying notes are an integral part of the financial statements.*

**CHRISTIAN VETERINARY MISSION**  
*(A Division of CRISTA Ministries)*

**Statements of Cash Flows**  
*(In Thousands)*

	<i>Years Ended June 30,</i>	<u>2010</u>	<u>2009</u>
<b>Cash Flows from Operating Activities:</b>			
Change in net assets		\$ 364	\$ (674)
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Net realized and unrealized (gains) losses on investments		(10)	595
Non cash transfer of net assets		38	
Changes in assets and liabilities:			
Receivables		(3)	
Accounts payable and accrued expenses		(46)	83
Deferred revenue			(4)
		<u>343</u>	
<b>Net Cash Provided by Operating Activities</b>			
<b>Cash Flows from Investing Activities:</b>			
Purchases of investments		(1,633)	(991)
Proceeds from the sale of investments		1,593	1,648
		<u>(40)</u>	<u>657</u>
<b>Net Cash (Used) Provided by Investing Activities</b>			
<b>Increase in Cash and Cash Equivalents</b>			
<b>Cash and Cash Equivalents:</b>			
Beginning of year		<u>1,542</u>	<u>885</u>
End of Year		<u><u>\$ 1,845</u></u>	<u><u>\$ 1,542</u></u>

*The accompanying notes are an integral part of the financial statements.*

**CHRISTIAN VETERINARY MISSION**  
*(A Division of CRISTA Ministries)*

**Notes to Financial Statements**

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**Note 1 - Nature of Operations and Significant Accounting Policies**

**Business Purpose and Organization** - Christian Veterinary Mission ("CVM") is a division of CRISTA Ministries ("CRISTA"), a not-for-profit organization. CVM is involved in mobilizing veterinarians to live out their faith through the profession of veterinary medicine. Ministry activities include long-term and short-term mission service in developing countries, developing and distributing educational and training materials, and establishing and encouraging international fellowship groups, student fellowship ministries, and professional outreach programs.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 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 CVM's investment portfolio and subject to its investment policy.

**Investments** - Investments consist primarily of marketable debt and equity securities as well as other non-marketable securities. Investments in marketable securities are stated at fair value. Investments in non-marketable securities are stated at the lower of cost or net realizable value.

**Concentration of Credit Risk** - Financial instruments that potentially subject CVM to concentration of credit risk consist primarily of cash and cash equivalents and investments. Cash and cash equivalents and investments are held with a variety of financial institutions, and balances may at times exceed FDIC and SIPC insurance limits.

**Basis of Presentation** - Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of CVM 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.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed restrictions that will be met either by actions of CVM or the passage of time. Temporarily restricted net assets at June 30, 2010 and 2009, are restricted for program activities.

Permanently Restricted Net Assets - Net assets subject to donor-imposed restrictions that they be maintained permanently by CVM. CVM had no permanently restricted net assets as of June 30, 2010 and 2009.

**CHRISTIAN VETERINARY MISSION**  
*(A Division of CRISTA Ministries)*

**Notes to Financial Statements**

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**Note 1 - Continued**

Revenues are reported as increases in unrestricted net assets unless 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.

**Revenues and Gains** - Fees for service consist of revenues earned during the year. 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 CVM has been summarized on a functional basis in a supplemental statement to the financial statements. 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 has determined that operations of CVM, as a division of CRISTA Ministries, 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 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, 2010 and 2009.

**Subsequent Events** - CVM has evaluated subsequent events through September 9, 2010, the date on which the financial statements were available to be issued.

**Note 2 - Cash and Cash Equivalents**

Cash and cash equivalents consisted of certificates of deposit and money markets totaling \$1,845,000 and \$1,542,000 as of June 30, 2010 and 2009, respectively.

**Note 3 - Investments**

Investments consisted of the following as of June 30:

	<i>(In Thousands)</i>	
	<u>2010</u>	<u>2009</u>
Cash	\$ 57	\$ 63
Equity securities	135	323
Marketable debt securities	593	273
Non-marketable debt securities	8	84
<b>Total Investments</b>	<b>\$ 793</b>	<b>\$ 743</b>

**CHRISTIAN VETERINARY MISSION**  
*(A Division of CRISTA Ministries)*

**Notes to Financial Statements**

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**Note 4 - Fair Value Measurements**

Accounting standards establish 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.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at June 30, 2010 and 2009.

**Mutual Funds** - Mutual funds are valued at quoted market prices in active markets, which represent the net asset value (NAV) of shares held by CVM at year-end.

**Alternative Investments** - Alternative investments consist of annuity contracts that are valued based on the NAV of the contracts' underlying assets. The contracts are traded on private markets that are not active.

**CHRISTIAN VETERINARY MISSION**  
**(A Division of CRISTA Ministries)**

**Notes to Financial Statements**

**Note 4 - Continued**

**Fair Values Measured on a Recurring Basis** - Fair values of assets and liabilities measured on a recurring basis at June 30 were as follows:

	<u>Fair Value Measurements at June 30, 2010 (In Thousands)</u>			
	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Total</u>
Mutual funds				
Bond	\$ 294	\$ -	\$ -	\$ 294
Commodity	64			64
Total mutual funds	<u>358</u>			<u>358</u>
Annuity contracts			370	370
<b>Total at June 30, 2010</b>	<b><u>\$ 358</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 370</u></b>	<b><u>\$ 728</u></b>

	<u>Fair Value Measurements at June 30, 2009 (In Thousands)</u>			
	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Total</u>
Mutual funds				
Bond	\$ 156	\$ -	\$ -	\$ 156
Commodity	44			44
Total Mutual Funds	<u>200</u>			<u>200</u>
Annuity contracts			396	396
<b>Total at June 30, 2009</b>	<b><u>\$ 200</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 396</u></b>	<b><u>\$ 596</u></b>

**CHRISTIAN VETERINARY MISSION**  
*(A Division of CRISTA Ministries)*

**Notes to Financial Statements**

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**Note 4 - Continued**

A reconciliation of the beginning and ending balances of the annuity contracts for fair value measurements made using significant unobservable inputs (Level 3) follows:

	<i>(In Thousands)</i>	
	<u>2010</u>	<u>2009</u>
Beginning balance	\$ 396	\$ 619
Total realized/unrealized gains	40	
Purchases, issuances, and settlements	<u>(66)</u>	<u>(223)</u>
<b>Ending Balance</b>	<b><u>\$ 370</u></b>	<b><u>\$ 396</u></b>

A reconciliation of the investments measured at fair value on a recurring basis to total investments at June 30, 2010 and 2009, is as follows:

	<i>(In Thousands)</i>	
	<u>2010</u>	<u>2009</u>
Assets recorded at fair value on a recurring basis	\$ 728	\$ 596
Assets recorded at cost	<u>65</u>	<u>147</u>
<b>Total Investments</b>	<b><u>\$ 793</u></b>	<b><u>\$ 743</u></b>

**Note 5 - Endowment**

CVM's endowment consists of individual donor-restricted funds established to support the work of CVM. These funds are temporarily restricted funds set up to function as an endowment but allowing for the possibility of spending of corpus, if necessary. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of CVM has interpreted the Washington State Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of 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. The fund is not required to be maintained in perpetuity and accordingly it is reported in temporarily restricted net assets. In accordance with UPMIFA, 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.

**CHRISTIAN VETERINARY MISSION**  
*(A Division of CRISTA Ministries)*

**Notes to Financial Statements**

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**Note 5 - Continued**

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

	<i>(In Thousands)</i>	
	<u>2010</u>	<u>2009</u>
Endowment net assets, beginning of year	\$ 742	\$ 913
Endowment investment return		
Interest and dividends	1	16
Realized and unrealized gains (losses)	<u>10</u>	<u>(248)</u>
Total endowment investment return	11	(232)
Contributions	44	68
Appropriation of endowment for expenditure	<u>(1)</u>	<u>(7)</u>
<b>Endowment Net Assets, End of Year</b>	<b><u>\$ 796</u></b>	<b><u>\$ 742</u></b>

CVM 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 CVM must hold in perpetuity or for a donor specified period. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce an average annual rate of return of approximately 7%, or the Consumer Price Index plus a risk premium of 3%, whichever is greater over a 5-year investment horizon in a manner that seeks to minimize principal fluctuations over the investment time horizon. Actual returns may vary significantly from this objective in any give year.

To satisfy its long-term rate-of-return objectives, CVM relies on a total return strategy in which investment returns are achieved through both capital appreciation, realized and unrealized, and current yield such as interest and dividends. CVM targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

CVM has a policy of appropriating for distribution approximately 5% of the market value of endowment assets as of the beginning of the calendar year. In establishing this policy, CVM 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, CVM expects the current spending policy to allow its endowment to grow at an average 2% annually. This is consistent with CVM's objective to provide real growth to its endowment through new gifts and investment returns.

**CHRISTIAN VETERINARY MISSION**  
*(A Division of CRISTA Ministries)*

**Notes to Financial Statements**

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**Note 6 - Commitments and Contingencies**

**Employee Retirement Benefits** - CRISTA offers a Section 403(b) savings plan to eligible employees, including employees of CVM. Employees may contribute amounts from their salaries to the plan up to the limits specified by the Internal Revenue Service. CVM contributes 3% of the employee's earnings annually to each eligible employee's account. CVM 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 CVM employees for the years ended June 30, 2010 and 2009, were \$64,000 and \$59,000, respectively.

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

**Note 7 - Intra-Organization Transactions**

In the normal course of business, CVM enters into transactions with CRISTA to maximize operating efficiency. Expenses related to these transactions are determined based upon actual costs related to the services provided. The following is a summary of expenses of intra-organization transactions with CRISTA as of June 30:

	<i>(In Thousands)</i>	
	<u>2010</u>	<u>2009</u>
<b>Expenses:</b>		
Fundraising	\$ 182	\$ 11
Management services	56	59
Accounting, donation receipting, and auditing	49	50
Computer services	32	201
Office space	29	27
Mail service	27	26
Personnel/legal services	33	28
Other	26	13
<b>Total</b>	<b><u>\$ 434</u></b>	<b><u>\$ 415</u></b>

**Contributions Released to World Concern** - Funds are raised in CVM that, at times, are more efficiently used through World Concern, another division of CRISTA. Therefore, contributions are occasionally released for use by World Concern. These releases are reflected on the statement of changes in net assets and totaled \$20,000 and \$15,000 for the years ended June 30, 2010 and 2009, respectively.

**CHRISTIAN VETERINARY MISSION**  
*(A Division of CRISTA Ministries)*

*Notes to Financial Statements*

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*Note 7 - Continued*

**Transfer to CRISTA Ministries** - In previous years, amounts due to CRISTA as reported on the balance sheet represented cash advances made to CVM from CRISTA Corporate. During the year ended June 30, 2010, CRISTA went through a strategic planning process that, as one of its goals, focused on the “One Mission” pillar upon which CRISTA is based. The Board and executives of CRISTA decided that to truly function as One Mission, it was appropriate to eliminate the due to/from balances and recognize that all of CRISTA’s resources belong to CRISTA Ministries as a whole and not to one individual operating unit or particular ministry. Therefore, funds provided either to or from CVM are reflected as transfers on the statement of changes in net assets beginning in the year ended June 30, 2010. These transfers totaled \$(38,000) for the year ended June 30, 2010.

*Note 8 - Subsequent Events*

**Impairment of Investments** - In the fiscal year ending June 30, 2004, CVM invested \$50,000 with an investment company (the Company). During subsequent years, cumulative interest was added to the investment. In July 2010, CVM was notified that the Company had filed for bankruptcy. Based on information received from the bankruptcy trustee, management believes that \$8,000 of the total investment of \$92,000 is recoverable. Because the conditions causing the bankruptcy existed prior to year-end, management has written off a total of \$84,000 in the year ended June 30, 2010. Any future recoveries or losses over or under the estimated recovery amount will be reflected as income or loss in the year received.

***SUPPLEMENTAL INFORMATION***

**CHRISTIAN VETERINARY MISSION**  
**(A Division of CRISTA Ministries)**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2010 (With Comparative Totals for 2009)**  
**(In Thousands)**

	<i>Program Services</i>	<i>Fundraising and Promotion</i>	<i>Management and General</i>	<i>Total 2010</i>	<i>Total 2009</i>
Salaries	\$ 1,121	\$ 152		\$ 1,273	\$ 1,259
Payroll taxes	91	11		102	145
Employee benefits	305	24		329	281
Professional services	12	3		15	18
Advertising and promotion		10		10	7
Office expenses	40	52		92	91
Occupancy	29			29	28
Travel	41	3		44	45
Conferences and training	44			44	39
Interest	3			3	2
Insurance	134			134	68
Purchased services	110	257	87	454	488
Program supplies	1,392			1,392	1,379
<b>Total Expenses</b>	<b>\$ 3,322</b>	<b>\$ 512</b>	<b>\$ 87</b>	<b>\$ 3,921</b>	<b>\$ 3,850</b>

See independent auditors' report.