



**CHRISTIAN
VETERINARY
MISSION**

(A Division of CRISTA Ministries)

Financial Statements

For the Years Ended June 30, 2011 and 2010

Table of Contents

	<i>Page</i>
Independent Auditors' Report	1
Financial Statements:	
Balance Sheets	2
Statements of Unrestricted Activities	3
Statements of Changes in Net Assets	4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 12
Supplementary Information:	
Schedule of Functional Expenses	13

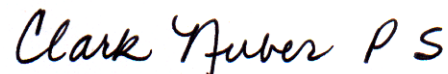
Independent Auditors' Report***Board of Trustees
CRISTA Ministries
Shoreline, Washington***Certified Public
Accountants
and Consultants

We have audited the accompanying balance sheets of Christian Veterinary Mission ("CVM"), a division of CRISTA Ministries, as of June 30, 2011 and 2010, 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, 2011 and 2010, 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 taken as a whole. The supplementary information for the year ended June 30, 2011, presented on page 13, is presented for additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of the Organization's 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 financial statements as a whole.

Certified Public Accountants
September 8, 2011

CHRISTIAN VETERINARY MISSION
(A Division of CRISTA Ministries)
Balance Sheets
June 30, 2011 and 2010
(In Thousands)

	<u>2011</u>	<u>2010</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 1,859	\$ 1,845
Receivables	9	3
Total Current Assets	1,868	1,848
Investments	901	793
Total Assets	\$ 2,769	\$ 2,641
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 470	\$ 447
Deferred revenue	9	12
Total Current Liabilities	479	459
Commitments and contingencies (Note 6)		
Net Assets:		
Unrestricted	(472)	(458)
Temporarily restricted-		
Restricted for program activities	1,859	1,844
Restricted for endowment funds	903	796
Total temporarily restricted	2,762	2,640
Total Net Assets	2,290	2,182
Total Liabilities and Net Assets	\$ 2,769	\$ 2,641

See accompanying notes.

CHRISTIAN VETERINARY MISSION
(A Division of CRISTA Ministries)
Statements of Unrestricted Activities
For the Years Ended June 30, 2011 and 2010
(In Thousands)

	<u>2011</u>	<u>2010</u>
Revenues, Gains and Losses:		
Contributions	\$ 2,674	\$ 2,828
Contributions released from restrictions	1,472	1,032
Gifts-in-kind	46	58
Income on investments	3	3
Fees for service	43	46
	<u>4,238</u>	<u>3,967</u>
Total Revenues, Gains and Losses	4,238	3,967
Expenses:		
Program services-		
Relief and development services	3,600	3,276
Mission and development education	31	46
	<u>3,631</u>	<u>3,322</u>
Total program services	3,631	3,322
Supporting services-		
Fundraising and promotion	566	512
Management and general	32	87
	<u>598</u>	<u>599</u>
Total supporting services	598	599
Total Expenses	4,229	3,921
Change in Unrestricted Net Assets	\$ 9	\$ 46

See accompanying notes.

CHRISTIAN VETERINARY MISSION
(A Division of CRISTA Ministries)
Statements of Changes in Net Assets
For the Years Ended June 30, 2011 and 2010
(In Thousands)

	<u>2011</u>	<u>2010</u>
Unrestricted Net Assets:		
Total unrestricted revenue and gains	\$ 2,766	\$ 2,935
Contributions released from restriction	1,472	1,032
Total unrestricted expenses and losses	<u>(4,229)</u>	<u>(3,921)</u>
Change in Unrestricted Net Assets	9	46
Temporarily Restricted Net Assets:		
Contributions	1,520	1,397
Income on investments	23	1
Net realized and unrealized gains on investments	51	10
Transfer to World Concern		(20)
Contributions released from restriction	<u>(1,472)</u>	<u>(1,032)</u>
Change in Temporarily Restricted Net Assets	122	356
Change in Net Assets	131	402
Transfer to CRISTA Ministries for future ministry activity	<u>(23)</u>	<u>(38)</u>
Total Change in Net Assets	108	364
Beginning of year net assets	<u>2,182</u>	<u>1,818</u>
End of Year Net Assets	<u>\$ 2,290</u>	<u>\$ 2,182</u>

See accompanying notes.

CHRISTIAN VETERINARY MISSION
(A Division of CRISTA Ministries)
Statements of Cash Flows
For the Years Ended June 30, 2011 and 2010
(In Thousands)

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 108	\$ 364
Adjustments to reconcile change in net assets to net cash provided by operating activities-		
Net realized and unrealized gains on investments	(51)	(10)
Non-cash transfer of net assets		38
Changes in assets and liabilities:		
Receivables	(6)	(3)
Accounts payable and accrued expenses	23	(46)
Deferred revenue	(3)	
	<u>71</u>	<u>343</u>
Net Cash Provided by Operating Activities	71	343
Cash Flows from Investing Activities:		
Purchases of investments	(1,666)	(1,633)
Proceeds from the sale of investments	1,609	1,593
	<u>(57)</u>	<u>(40)</u>
Net Cash Used by Investing Activities	(57)	(40)
Increase in Cash and Cash Equivalents	14	303
Cash and Cash Equivalents:		
Beginning of year	<u>1,845</u>	<u>1,542</u>
End of Year	<u>\$ 1,859</u>	<u>\$ 1,845</u>

See accompanying notes.

CHRISTIAN VETERINARY MISSION
(A Division of CRISTA Ministries)

Notes to Financial Statements

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.

Receivables - 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 the valuation allowance and a credit to receivables. For the years ended June 30, 2011 and 2010, there was no allowance for doubtful accounts.

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, 2011 and 2010, are restricted for program activities and for endowment funds (Note 5).

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, 2011 and 2010.

CHRISTIAN VETERINARY MISSION
(A Division of CRISTA Ministries)

Notes to Financial Statements

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 CVM has been summarized on a functional basis in a supplemental schedule 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.

Transfer to CRISTA Ministries for Future Ministry Activity - As part of CRISTA's "One Mission" strategic pillar, CRISTA transfers to or from its ministries the net cash flow that each ministry generates during a fiscal year. This cash is then available for future ministry activity of each ministry as needed. Therefore, funds provided either to or from CVM are reflected as transfers on the statements of changes in net assets for the years ended June 30, 2011 and 2010. These transfers totaled \$(23,000) and \$(38,000) for the years ended June 30, 2011 and 2010, respectively.

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, 2011 and 2010.

Subsequent Events - CVM has evaluated subsequent events through September 8, 2011, 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 market funds totaling \$1,859,000 and \$1,845,000 as of June 30, 2011 and 2010, respectively.

CHRISTIAN VETERINARY MISSION
(A Division of CRISTA Ministries)

Notes to Financial Statements

Note 3 - Investments

Investments consisted of the following as of June 30:

	<i>(In Thousands)</i>	
	<u>2011</u>	<u>2010</u>
Cash	\$ 19	\$ 57
Equity securities	174	135
Marketable debt securities	700	593
Non-marketable debt securities	8	8
Total Investments	\$ 901	\$ 793

Impairment of Investments - In the fiscal year ended 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 June 30, 2010, management wrote 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. During the year ended June 30, 2011, a plan was approved by the bankruptcy court for disposition of assets. The estimated recovery for CVM approximates the amount recorded as recoverable at June 30, 2011 and 2010. The actual disposition of the bankrupt estate will take several years to conclude.

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.

CHRISTIAN VETERINARY MISSION
(A Division of CRISTA Ministries)

Notes to Financial Statements

Note 4 - Continued

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, 2011 and 2010.

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.

Annuity Contracts - Annuity contracts are valued based on the NAV of the contracts' underlying assets. The contracts are traded on private markets that are not active.

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

	<i>Fair Value Measurements at June 30 (In Thousands)</i>			
	<i>Quoted Prices in Active Markets for Identical Assets (Level 1)</i>	<i>Significant Other Observable Inputs (Level 2)</i>	<i>Significant Unobservable Inputs (Level 3)</i>	<i>Total</i>
Mutual funds-				
Blended	\$ 16	\$ -	\$ -	\$ 16
International	7			7
Bond	371			371
Commodity	66			66
Total mutual funds	460			460
Annuity contracts			414	414
Total at June 30, 2011	\$ 460	\$ -	\$ 414	\$ 874
Mutual funds-				
Bond	\$ 294	\$ -	\$ -	\$ 294
Commodity	64			64
Total mutual funds	358			358
Annuity contracts			370	370
Total at June 30, 2010	\$ 358	\$ -	\$ 370	\$ 728

CHRISTIAN VETERINARY MISSION
(A Division of CRISTA Ministries)

Notes to Financial Statements

Note 4 - Continued

A reconciliation of the investments measured at fair value on a recurring basis to total investments at June 30, 2011 and 2010, is as follows:

	<i>(In Thousands)</i>	
	<u>2011</u>	<u>2010</u>
Assets recorded at fair value on a recurring basis	\$ 874	\$ 728
Assets recorded at cost	<u>27</u>	<u>65</u>
Total Investments	<u>\$ 901</u>	<u>\$ 793</u>

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>2011</u>	<u>2010</u>
Beginning balance	\$ 370	\$ 396
Total realized/unrealized gains	45	40
Purchases, issuances, and settlements	<u>(1)</u>	<u>(66)</u>
Ending Balance	<u>\$ 414</u>	<u>\$ 370</u>

The annuity contracts generally have terms over the lives of the annuitants. The contracts allow for certain periodic withdrawals without penalty; however, the contracts may be liquidated at their cash surrender values, which approximates fair value, at any time. There are no unfunded commitments on the contracts at June 30, 2011 or 2010.

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.

CHRISTIAN VETERINARY MISSION
(A Division of CRISTA Ministries)

Notes to Financial Statements

Note 5 - Continued

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.

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

	<i>(In Thousands)</i>	
	<u>2011</u>	<u>2010</u>
Endowment net assets beginning of year	\$ 796	\$ 742
Endowment investment return-		
Interest and dividends	23	1
Realized and unrealized gains	<u>51</u>	<u>10</u>
Total endowment investment return	74	11
Contributions	33	44
Appropriation of endowment for expenditure		<u>(1)</u>
Endowment Net Assets, End of Year	<u>\$ 903</u>	<u>\$ 796</u>

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. 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 given 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 to achieve its long-term return objectives within prudent risk constraints.

CHRISTIAN VETERINARY MISSION
(A Division of CRISTA Ministries)

Notes to Financial Statements

Note 5 - Continued

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.

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, 2011 and 2010, were \$73,000 and \$64,000, 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>2011</u>	<u>2010</u>
Expenses-		
Fundraising	\$ 139	\$ 182
Management services		56
Accounting, donation receipting, and auditing	50	49
Computer services	32	32
Office space	37	29
Mail service	37	27
Personnel/legal services	33	33
Other	22	26
Total	\$ 350	\$ 434

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 statements of changes in net assets. There were no such releases for the year ended June 30, 2011. Releases totaled \$20,000 for the year ended June 30, 2010.

SUPPLEMENTARY INFORMATION

CHRISTIAN VETERINARY MISSION
(A Division of CRISTA Ministries)
Schedule of Functional Expenses
For the Year Ended June 30, 2011
(With Comparative Totals for 2010)
(In Thousands)

	<i>Program Services</i>	<i>Fundraising and Promotion</i>	<i>Management and General</i>	<i>2011 Total</i>	<i>2010 Total</i>
Salaries	\$ 1,178	\$ 200		\$ 1,378	\$ 1,273
Payroll taxes	100	16		116	102
Employee benefits	324	32		356	329
Professional services	14	2		16	15
Advertising and promotion		19		19	10
Office expenses	42	63		105	92
Occupancy	37			37	29
Travel	70	10		80	44
Conferences and training	56			56	44
Interest					3
Insurance	88			88	134
Purchased services	104	224	32	360	454
Program supplies	1,618			1,618	1,392
	\$ 3,631	\$ 566	\$ 32	\$ 4,229	\$ 3,921

See independent auditors' report.