



**CHRISTIAN
VETERINARY
MISSION**

Financial Statements and
Supplemental Information with
Independent Auditors' Report

June 30, 2009 and 2008

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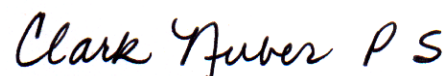
Independent Auditors' Report***Board of Trustees
CRISTA Ministries
Shoreline, Washington***Certified Public
Accountants
and Consultants

We have audited the accompanying balance sheets of Christian Veterinary Mission (“CVM”), a division of CRISTA Ministries, as of June 30, 2009 and 2008, 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, 2009 and 2008, 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 12 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
August 27, 2009

CHRISTIAN VETERINARY MISSION
(A Division of CRISTA Ministries)

Balance Sheets
(In Thousands)

	<i>June 30,</i>	<u>2009</u>	<u>2008</u>
Assets			
Current Assets:			
Cash and cash equivalents		\$ 1,542	\$ 885
Total Current Assets		1,542	885
Investments		743	1,995
Total Assets		\$ 2,285	\$ 2,880
 Liabilities and Net Assets			
Current Liabilities:			
Accounts payable and accrued expenses		\$ 455	\$ 372
Deferred revenue		12	16
Total Current Liabilities		467	388
Commitments and contingencies (Note 5)			
Net Assets:			
Unrestricted		(466)	(81)
Temporarily restricted:			
Restricted for program activities		1,542	1,660
Restricted for endowment funds		742	913
Total temporarily restricted		2,284	2,573
Total Net Assets		1,818	2,492
Total Liabilities and Net Assets		\$ 2,285	\$ 2,880

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>2009</u>	<u>2008</u>
Revenues, Gains and Losses:		
Contributions	\$ 2,549	\$ 2,632
Contributions released from restrictions	1,088	1,250
Gifts-in-kind	105	170
Net realized and unrealized losses on investments	(343)	(104)
Income on investments	18	75
Fees for service	48	33
Miscellaneous income	6	6
	<u>3,465</u>	<u>4,062</u>
Total Revenues, Gains and Losses		
Expenses:		
Program services:		
Relief and development services	3,150	3,644
Mission and development education	65	65
	<u>3,215</u>	<u>3,709</u>
Supporting services:		
Fundraising and promotion	544	515
Management and general	91	80
	<u>635</u>	<u>595</u>
	<u>3,850</u>	<u>4,304</u>
Total Expenses		
Change in Unrestricted Net Assets	<u>\$ (385)</u>	<u>\$ (242)</u>

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>2009</u>	<u>2008</u>
Unrestricted Net Assets:		
Total unrestricted revenue and gains	\$ 2,377	\$ 2,812
Contributions released from restriction	1,088	1,250
Total unrestricted expenses and losses	<u>(3,850)</u>	<u>(4,304)</u>
Change in Unrestricted Net Assets	(385)	(242)
Temporarily Restricted Net Assets:		
Contributions	1,046	1,276
Income on investments	20	14
Net realized and unrealized losses on investments	(252)	(35)
Transfer to World Concern	(15)	
Contributions released from restriction	<u>(1,088)</u>	<u>(1,250)</u>
Change in Temporarily Restricted Net Assets	(289)	5
Change in Net Assets	(674)	(237)
Beginning of year net assets	<u>2,492</u>	<u>2,729</u>
End of Year Net Assets	<u>\$ 1,818</u>	<u>\$ 2,492</u>

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>2009</u>	<u>2008</u>
Cash Flows from Operating Activities:			
Change in net assets		\$ (674)	\$ (237)
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Net realized and unrealized losses on investments		595	139
Changes in assets and liabilities:			
Accounts payable and accrued expenses		83	53
Deferred revenue		(4)	16
		<u> </u>	<u> </u>
Net Cash Provided (Used) by Operating Activities		-	(29)
Cash Flows from Investing Activities:			
Purchases of investments		(991)	(750)
Proceeds from the sale of investments		1,648	583
		<u> </u>	<u> </u>
Net Cash Provided (Used) by Investing Activities		657	(167)
Increase (Decrease) in Cash and Cash Equivalents		657	(196)
Cash and Cash Equivalents:			
Beginning of year		<u>885</u>	<u>1,081</u>
End of Year		<u>\$ 1,542</u>	<u>\$ 885</u>

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

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.

Fair Value Measurements - In September 2006, the Financial Accounting Standards Board ("FASB") issued FASB Statement ("SFAS") No. 157, *Fair Value Measurements*. SFAS 157 establishes a new framework for measuring fair value and expands related disclosures. To increase consistency and comparability in fair value measurements, the SFAS 157 framework requires fair value to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants.

SFAS 157 uses a three-level valuation hierarchy based on observable and non-observable inputs. Observable inputs consist of data obtained from independent sources. Non-observable inputs reflect market assumptions. These two types of inputs are used to create the fair value hierarchy, giving preference to observable inputs.

Financial assets and liabilities classified as Level 1 have fair values based on unadjusted quoted market prices for identical instruments in active markets. Financial assets and liabilities classified as Level 2 have fair values based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in inactive markets, and model-derived valuations whose inputs are observable. Financial assets and liabilities classified as Level 3 have fair values based on value drivers that are unobservable.

Effective July 1, 2008, CVM adopted SFAS 157 for all financial and non-financial assets and liabilities recorded at fair value on a recurring basis, primarily the securities held in CVM's investment portfolio.

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.

CHRISTIAN VETERINARY MISSION
(A Division of CRISTA Ministries)

Notes to Financial Statements

Note 1 - Continued

Due from (to) CRISTA - Included in cash and cash equivalents at June 30, 2008 is \$285,000 due from CRISTA. The amount due from CRISTA represents CRISTA's investments of excess cash of CVM in interest bearing instruments with maturities of three months or less. Interest income earned on these investments is allocated to CVM. Included in accounts payable and accrued expenses at June 30, 2009 is \$61,000 due to CRISTA. The amounts due to CRISTA represent cash advances made to CVM from CRISTA. As a division of CRISTA Ministries, CRISTA is committed to fulfilling the cash needs of CVM and honoring its fiduciary duty to donors of temporarily restricted funds.

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, 2009 and 2008 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, 2009 and 2008.

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 services and miscellaneous income 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 market value at the date of gift.

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.

Reclassifications - Certain reclassifications were made to the June 30, 2008 financial statements to conform to the current year presentation. The reclassifications have no effect on change in net assets.

Subsequent Events - CVM has evaluated subsequent events through August 27, 2009, the date which the financial statements were available to be issued.

CHRISTIAN VETERINARY MISSION
(A Division of CRISTA Ministries)

Notes to Financial Statements

Note 2 - Cash and Cash Equivalents

Cash and cash equivalents consisted of certificates of deposit and money markets totaling \$1,542,000 and \$885,000 as of June 30, 2009 and 2008, respectively.

Note 3 - Investments

Investments consisted of the following as of June 30:

	<u>2009</u>	<u>2008</u>
	<i>(In Thousands)</i>	
Cash	\$ 63	\$ 68
Equity securities	323	1,337
Marketable debt securities	273	513
Non-marketable debt securities	<u>84</u>	<u>77</u>
	<u>\$ 743</u>	<u>\$ 1,995</u>

Assets recorded at fair value on a recurring basis at June 30, 2009 were as follows:

	<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	\$ 200	\$ -	\$ -	\$ 200
Annuity contracts	<u> </u>	<u> </u>	<u>396</u>	<u>396</u>
	<u>\$ 200</u>	<u>\$ -</u>	<u>\$ 396</u>	<u>\$ 596</u>

A reconciliation of the beginning and ending balances, by each major category of assets and liabilities, for fair value measurements made using significant unobservable inputs (Level 3) follows:

	<u>Fair Value Measurements at June 30, 2009 (In Thousands)</u>
	<u>Annuity Contracts</u>
Beginning balance	\$ 619
Total realized/unrealized losses	<u>(223)</u>
Ending Balance	<u>\$ 396</u>

CHRISTIAN VETERINARY MISSION
(A Division of CRISTA Ministries)

Notes to Financial Statements

Note 4 - Endowment

CVM's endowment consists of an individual donor-restricted fund established to support the work of CVM. 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.

Changes to endowment net assets for the year ended June 30, 2009 are as follows (in thousands):

	<i>Temporarily Restricted</i>
Endowment net assets, June 30, 2008	\$ 913
Endowment investment return	
Interest and dividends	16
Realized and unrealized gains and losses	<u>(248)</u>
Total endowment investment return	(232)
Contributions	6
Appropriation of endowment for expenditure	<u>(7)</u>
Endowment Net Assets, June 30, 2009	<u>\$ 742</u>

CHRISTIAN VETERINARY MISSION
(A Division of CRISTA Ministries)

Notes to Financial Statements

Note 4 - Continued

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 five 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.

Note 5 - 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, 2009 and 2008, were \$59,000 and \$54,000, 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.

CHRISTIAN VETERINARY MISSION
(A Division of CRISTA Ministries)

Notes to Financial Statements

Note 6 - 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 income and expenses of intra-organization transactions with CRISTA as of June 30:

	<u>2009</u>	<u>2008</u>
	<i>(in Thousands)</i>	
Revenues:		
Contributions	\$ -	\$ 100
Interest		<u>6</u>
	<u>\$ -</u>	<u>\$ 106</u>
Expenses:		
Fundraising	\$ 11	\$ 193
Management services	59	52
Accounting, donation receipting, and auditing	50	45
Computer services	201	28
Office space	27	27
Mail service	26	26
Personnel/legal services	28	24
Telephone		10
Other	<u>13</u>	<u>19</u>
	<u>\$ 415</u>	<u>\$ 424</u>

SUPPLEMENTAL INFORMATION

CHRISTIAN VETERINARY MISSION
(A Division of CRISTA Ministries)
Statement of Functional Expenses
Year Ended June 30, 2009
(With Comparative Totals for 2008)
(In Thousands)

	<i>Program Services</i>	<i>Fundraising and Promotion</i>	<i>Management and General</i>	<i>Total 2009</i>	<i>Total 2008</i>
Salaries	\$ 1,099	\$ 160	\$ -	\$ 1,259	\$ 1,124
Payroll taxes	126	19		145	116
Employee benefits	261	20		281	269
Professional services	16	2		18	12
Advertising & promotion		7		7	13
Office expenses	37	54		91	86
Occupancy	28			28	28
Travel	43	2		45	53
Conferences & training	39			39	46
Interest	2			2	
Insurance	68			68	88
Purchased services	117	280	91	488	546
Program supplies	1,379			1,379	1,923
	\$ 3,215	\$ 544	\$ 91	\$ 3,850	\$ 4,304

See independent auditors' report.