



## GREATER EUROPE MISSION AND AFFILIATES dba GEM USA

Consolidated Financial Statements  
With Independent Auditors' Report

June 30, 2024 and 2023

**GREATER EUROPE MISSION AND AFFILIATES  
dba GEM USA**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Greater Europe Mission and Affiliates  
dba GEM USA  
Wheaton, Illinois

### ***Opinion***

We have audited the accompanying consolidated financial statements of Greater Europe Mission and Affiliates dba GEM USA which comprise the consolidated statements of financial position as of June, 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Greater Europe Mission and Affiliates dba GEM USA as of June, 30 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of Greater Europe Mission and Affiliates dba GEM USA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Consolidated Financial Statements***

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Greater Europe Mission and Affiliates dba GEM USA's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Board of Directors  
Greater Europe Mission and Affiliates  
dba GEM USA  
Monument, Colorado

***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Greater Europe Mission and Affiliates dba GEM USA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Greater Europe Mission and Affiliates dba GEM USA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Capin Crouse LLP*

Colorado Springs, Colorado  
November 4, 2024

**GREATER EUROPE MISSION AND AFFILIATES**  
**dba GEM USA**

**Consolidated Statements of Financial Position**

	June 30,	
	2024	2023
<b>ASSETS:</b>		
Current assets:		
Cash and cash equivalents	\$ 4,678,962	\$ 5,937,213
Investments	11,836,268	9,546,629
Advances and other receivables	110,173	261,788
Loans receivable—current portion	15,621	19,294
Prepaid expense and other assets	235,714	608,553
Amounts held for others	125,223	113,898
	17,001,961	16,487,375
Board-designated investments	915,302	777,002
Loans receivable—net of current portion	23,664	52,362
Estate receivables—net of current portion	190,129	180,509
Land, buildings, and equipment—net	1,831,548	1,933,726
	17,001,961	16,487,375
Total Assets	\$ 19,962,604	\$ 19,430,974
<b>LIABILITIES AND NET ASSETS:</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 623,485	\$ 358,646
Related party payable	301,641	159,640
Deferred revenue	23,077	18,876
Investments held for others	125,223	113,898
Note payable—current portion	18,483	18,476
Annuities payable—current portion	4,579	5,939
Deferred compensation liability—current portion	59,092	57,792
	1,155,580	733,267
Note payable—net of current portion	338,970	364,117
Annuities payable—net of current portion	16,966	28,709
Deferred compensation liability—net of current portion	343,952	364,541
Total liabilities	1,855,468	1,490,634

(continued)

See notes to consolidated financial statements

**GREATER EUROPE MISSION AND AFFILIATES**  
**dba GEM USA**

**Consolidated Statements of Financial Position**  
(continued)

	June 30,	
	<u>2024</u>	<u>2023</u>
LIABILITIES AND NET ASSETS, continued:		
Net assets:		
Without donor restrictions	8,077,594	8,248,532
With donor restrictions	<u>10,029,542</u>	<u>9,691,808</u>
Total net assets	<u>18,107,136</u>	<u>17,940,340</u>
Total Liabilities and Net Assets	<u>\$ 19,962,604</u>	<u>\$ 19,430,974</u>

See notes to consolidated financial statements

**GREATER EUROPE MISSION AND AFFILIATES  
dba GEM USA**

**Consolidated Statements of Activities**

	Year Ended June 30,					
	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING:</b>						
<b>SUPPORT AND REVENUE:</b>						
Contributions	\$ 4,305,224	\$ 24,539,765	\$ 28,844,989	\$ 3,318,536	\$ 23,040,696	\$ 26,359,232
Interest income	146,262	-	146,262	46,413	-	46,413
Other income	414,068	-	414,068	268,080	-	268,080
Camper registration fees	182,164	-	182,164	191,941	-	191,941
Change in value of gift annuities	8,524	-	8,524	(2,842)	-	(2,842)
Gain on sale of real estate held for investment and land, building, and equipment	-	-	-	3,285,029	-	3,285,029
	5,056,242	24,539,765	29,596,007	7,107,157	23,040,696	30,147,853
<b>Total Support and Revenue</b>						
<b>NET ASSETS RELEASED:</b>						
Purpose restrictions	21,640,913	(21,640,913)	-	21,779,540	(21,779,540)	-
Administrative assessments	2,561,118	(2,561,118)	-	2,474,240	(2,474,240)	-
<b>Total Net Assets Released</b>	24,202,031	(24,202,031)	-	24,253,780	(24,253,780)	-
<b>EXPENSES:</b>						
Program services	24,681,626	-	24,681,626	23,061,055	-	23,061,055
<b>Supporting activities:</b>						
Management and general	3,479,920	-	3,479,920	3,206,623	-	3,206,623
Fundraising	2,095,558	-	2,095,558	2,510,760	-	2,510,760
	5,575,478	-	5,575,478	5,717,383	-	5,717,383
<b>Total Expenses</b>	30,257,104	-	30,257,104	28,778,438	-	28,778,438

(continued)

See notes to consolidated financial statements

**GREATER EUROPE MISSION AND AFFILIATES  
dba GEM USA**

**Consolidated Statements of Activities**  
(continued)

	Year Ended June 30,					
	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Change in Net Assets From Operations	(998,831)	337,734	(661,097)	2,582,499	(1,213,084)	1,369,415
NON-OPERATING:						
Investment income	836,040	-	836,040	437,129	-	437,129
Change in value of deferred compensation liability	19,289	-	19,289	66,242	-	66,242
Valuation adjustment on non- operating land and buildings	(27,436)	-	(27,436)	(27,436)	-	(27,436)
Change in Net Assets From Non-Operating Activities	827,893	-	827,893	475,935	-	475,935
Change in Net Assets	(170,938)	337,734	166,796	3,058,434	(1,213,084)	1,845,350
Net Assets, Beginning of Year	8,248,532	9,691,808	17,940,340	5,190,098	10,904,892	16,094,990
Net Assets, End of Year	<u>\$ 8,077,594</u>	<u>\$ 10,029,542</u>	<u>\$ 18,107,136</u>	<u>\$ 8,248,532</u>	<u>\$ 9,691,808</u>	<u>\$ 17,940,340</u>

See notes to consolidated financial statements



**GREATER EUROPE MISSION AND AFFILIATES  
dba GEM USA**

**Consolidated Statement of Functional Expenses**

	Year Ended June 30, 2024			Total
	Program Services	Supporting Activities		
		General and Administrative	Fundraising	
<b>OPERATING:</b>				
Salaries and benefits	\$ 15,241,947	\$ 2,114,101	\$ 759,819	\$ 18,115,867
Grants to others	5,392,928	-	78,074	5,471,002
Travel and hospitality	2,301,820	87,906	356,808	2,746,534
Professional fees	102,465	1,064,879	367,587	1,534,931
Office and information technology	631,630	157,292	216,241	1,005,163
Other	530,105	9,225	314,577	853,907
Equipment and facilities	417,845	6,361	2,452	426,658
Depreciation and depletion	62,886	40,156	-	103,042
Total Operating Expenses	<u>24,681,626</u>	<u>3,479,920</u>	<u>2,095,558</u>	<u>30,257,104</u>
<b>NON-OPERATING:</b>				
Valuation adjustment on non-operating land and buildings	18,108	9,328	-	27,436
Total Expenses	<u>\$ 24,699,734</u>	<u>\$ 3,489,248</u>	<u>\$ 2,095,558</u>	<u>\$ 30,284,540</u>

See notes to consolidated financial statements

**GREATER EUROPE MISSION AND AFFILIATES**  
**dba GEM USA**

**Consolidated Statement of Functional Expenses**

	Year Ended June 30, 2023			Total
	Program Services	Supporting Activities		
		General and Administrative	Fundraising	
<b>OPERATING:</b>				
Salaries and benefits	\$ 14,615,694	\$ 1,754,444	\$ 1,299,993	\$ 17,670,131
Grants to others	4,568,561	-	-	4,568,561
Travel and hospitality	2,366,573	124,310	640,334	3,131,217
Professional fees	130,320	1,053,181	290,983	1,474,484
Office and information technology	644,119	104,956	211,980	961,055
Other	436,794	39,218	62,470	538,482
Equipment and facilities	234,908	48,326	5,000	288,234
Depreciation and depletion	64,086	82,188	-	146,274
Total Operating Expenses	<u>23,061,055</u>	<u>3,206,623</u>	<u>2,510,760</u>	<u>28,778,438</u>
<b>NON-OPERATING:</b>				
Valuation adjustment on non-operating land and buildings	18,108	9,328	-	27,436
Total Expenses	<u>\$ 23,079,163</u>	<u>\$ 3,215,951</u>	<u>\$ 2,510,760</u>	<u>\$ 28,805,874</u>

See notes to consolidated financial statements

**GREATER EUROPE MISSION AND AFFILIATES**  
**dba GEM USA**

**Consolidated Statements of Cash Flows**

	Year Ended June 30,	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 166,796	\$ 1,845,350
Adjustments to reconcile to net cash provided (used) by operating activities:		
Depreciation and depletion	130,478	173,710
Reinvested dividends	(287,032)	(254,012)
Net realized and unrealized gains on investments	(451,220)	(91,370)
Change in value of gift annuities	(8,524)	2,842
Gain on sale of real estate held for investment and land, buildings, and equipment	-	(3,285,029)
Change in operating assets and liabilities:		
Advances and other receivables	151,615	15,665
Estate receivables	(9,620)	34,407
Prepaid expenses and other assets	372,839	245,775
Amounts held for others	(11,325)	(9,749)
Accounts payable and accrued expenses	264,839	(318,536)
Related party receivable and payable	142,001	170,659
Deferred revenue	4,201	1,041
Investments held for others	11,325	9,749
Deferred compensation liability	(19,289)	(66,242)
Net Cash Provided (Used) by Operating Activities	457,084	(1,525,740)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(2,300,365)	(304,461)
Proceeds from sales of investments	582,378	1,009,724
Proceeds from sale of real estate held for investment and land, buildings, and equipment	-	3,867,755
Loans issued and foreign currency valuation adjustment	890	(2,345)
Collections of loans receivable	31,481	24,223
Net Cash Provided (Used) by Investing Activities	(1,685,616)	4,594,896

(continued)

See notes to consolidated financial statements

**GREATER EUROPE MISSION AND AFFILIATES**  
**dba GEM USA**

**Consolidated Statements of Cash Flows**  
(continued)

	Year Ended June 30,	
	2024	2023
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments on note payable	(18,205)	(17,491)
Foreign currency valuation adjustment on note payable	(6,935)	14,018
Payments on annuities	(4,579)	(5,873)
Net Cash Used by Financing Activities	(29,719)	(9,346)
 Net Change in Cash and Cash Equivalents	 (1,258,251)	 3,059,810
 Cash and Cash Equivalents, Beginning of Year	 5,937,213	 2,877,403
 Cash and Cash Equivalents, End of Year	 \$ 4,678,962	 \$ 5,937,213
 <b>SUPPLEMENTAL DISCLOSURES:</b>		
Interest paid	\$ 6,289	\$ 7,195

See notes to consolidated financial statements

# GREATER EUROPE MISSION AND AFFILIATES dba GEM USA

## Notes to Consolidated Financial Statements

June 30, 2024 and 2023

### 1. NATURE OF ORGANIZATION:

Greater Europe Mission and Affiliates dba GEM USA (GEM USA) is an evangelical and nondenominational missionary fellowship representing churches, societies, and individuals in reaching Europe by multiplying disciples and growing Christ's Church. GEM USA operates in affiliation with other Greater Europe Mission entities incorporated in other countries that share the same vision and mission.

GEM USA is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state laws. However, GEM USA is subject to federal income tax on any unrelated business taxable income. In addition, GEM USA is not classified as a private foundation within the meaning of Section 509(a) of the IRC. Contributions from the public are deductible for income tax purposes and are the primary source of support and revenue.

GEM USA's primary focus is to send and support workers to engage with GEM USA's wider mission of Discipleship Multiplication Training with areas of focus on the following activities:

*Discipleship Multiplication Training* - At our core, GEM USA believes that disciple multiplication is the key to transformation in Europe. Multiplying disciples means not only introducing people to the good news of Jesus Christ, but being present with them as they grow in their faith. As such, a movement of multiplying disciples infiltrates all relational networks, ethnic groups, social sectors, and every place in Europe with the transforming presence of God.

*Church Planting* - Wherever there has been a missional desire in the world, churches were planted. GEM USA mobilizes, equips, trains, and sends out church planters to reach the many unchurched people in Europe. We do this both with local churches to create movements of church multiplication, and in collaboration with other partners and church planting initiatives in Europe.

*Biblical Education* - GEM USA ministry in theological education seeks to join with God's Spirit in equipping Europeans to be renewed in heart and mind through Biblical and Theological study. Theological educators in GEM USA work to equip pastors, evangelists, and shepherds to navigate the complexities of ministering in a post-Christian environment and live out the Way of Jesus Christ.

*Refugee Ministry* - To follow Jesus means to minister to the physical and spiritual needs of those who are hurting. With thousands of refugees daily seeking refuge from war, famine, rape, and murder, GEM USA is positioned to be the hands and feet of Jesus in Europe.

# GREATER EUROPE MISSION AND AFFILIATES

## dba GEM USA

### Notes to Consolidated Financial Statements

June 30, 2024 and 2023

1. NATURE OF ORGANIZATION, continued:

*Justice Ministry* - "Rescue the weak and the needy; deliver them from the hand of the wicked." (Psalm 82:4). The goal of GEM USA's Justice Ministry work is to not only illuminate the needs of those that are hurting and trapped in modern slavery, but to walk alongside them in the recovery process. GEM USA workers are establishing ministries and partnerships in order to be the hands and feet of Christ and meet the needs of victims of sex trafficking.

*Professional Services* - We believe that God has equipped all of us with unique gifts and experiences that have the potential to be used for His glory in reaching Europe. Whether that's videography, financial know-how, construction, pottery, or technology, GEM USA has successfully placed workers in Europe to draw on these for the expansion of the Kingdom.

#### REPORTING ENTITIES

These consolidated financial statements also include the material assets, liabilities, net assets, revenue, and expenses of certain international fields throughout Europe. All intercompany transactions have been eliminated on the consolidated financial statements. GEM USA is also affiliated with certain national ministries throughout Europe. Although GEM USA missionaries in those areas work with the national ministries, the national ministries are not under GEM USA control. Accordingly, assets and expenditures are treated as grants and not included in these consolidated financial statements.

#### FOREIGN OPERATIONS

In connection with its worldwide ministry, GEM USA maintains locations in several countries outside the United States. The operations of these fields are included in these consolidated financial statements, and include the following fields: La Ligue Biblique Francaise (dba GEM France), Camp des Cimes (dba Camp of the Peaks) and Greater Europe Mission e.V.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

GEM USA maintains its accounts and prepares its consolidated financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The preparation of consolidated 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, disclosures of any contingent assets and liabilities at the date of the consolidated financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from the estimates. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

**GREATER EUROPE MISSION AND AFFILIATES**  
**dba GEM USA**

**Notes to Consolidated Financial Statements**

June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents includes checking, savings, and money market accounts. These accounts may, at times, exceed federally insured limits. As of June 30, 2024 and 2023, GEM USA did not have any cash on deposit with financial institutions that exceeded federally insured (FDIC) balances.

**ADVANCES AND OTHER RECEIVABLES**

Advances and other receivables consist of ministry advances and other miscellaneous receivables. Based on historical collections and management's current analysis, an allowance for doubtful accounts was not recorded as of June 30, 2024 and 2023, because all amounts were considered to be fully collectible.

**ESTATE RECEIVABLES**

Estate receivables consist of unconditional receivables recorded at net realizable values, as provided by the estate trustees.

**AMOUNTS HELD FOR OTHERS**

Amounts held for others consists of an annuity asset held for the Portuguese Bible Institute. This location's control and related assets were transferred from GEM USA to the Portuguese Bible Institute during the year ended June 30, 2011. However, due to foreign tax implications, GEM USA is holding the annuity asset on behalf of the Portuguese Bible Institute. Included in amounts held for others on the consolidated statements of financial position is \$125,223 and \$113,898, held for the Portuguese Bible Institute as of June 30, 2024 and 2023, respectively.

# GREATER EUROPE MISSION AND AFFILIATES dba GEM USA

## Notes to Consolidated Financial Statements

June 30, 2024 and 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### INVESTMENTS AND BOARD-DESIGNATED INVESTMENTS

Investments and board-designated investments, with the exception of private equity shares, life insurance, and real estate held for investment, are recorded at fair value. Donated securities are recorded at fair value on the date of the gift and generally are sold as soon as possible thereafter. Unrealized gains or losses in fair value are recognized in the year in which they occur. Private equity was initially recorded at fair market value on the date of the gift, and is stated at cost less any impairment. Cash surrender value of life insurance is held at contract value. Real estate held for investment is stated at the lower of cost or market.

Investment securities are exposed to various risks, such as changes in interest rates or credit ratings and market fluctuations. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is possible that the value of GEM USA's investments and total net assets could fluctuate materially.

Board-designated investments consist of amounts set aside by the board for investment reserves.

#### LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment are recorded at cost at the date of acquisition. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from three to thirty years. Purchases of long-lived assets in excess of \$5,000 with a useful life in excess of one year are capitalized.

#### ANNUITIES PAYABLE

GEM USA has established a gift annuity plan whereby donors may contribute assets to the organization in exchange for the right to receive a fixed dollar annual return during their lifetimes. A portion of the transfer is considered to be a charitable contribution for income tax purposes. The difference between the amount provided for the gift annuity and the liability for future payments, determined on an actuarial basis, is recognized as contribution income at the date of the gift. The annuity liability is revalued annually based upon actuarially computed present values. Assets funding charitable gift annuities are included in investments.

#### NET ASSETS

The net assets of GEM USA are reported in the following classes:

*Net assets without donor restrictions* consist of resources that are available for current operations and those designated by the board for investment reserves and European projects.

*Net assets with donor restrictions* include contributions designated by donors for specific purposes, as well as amounts received with implicit time restrictions. Significant programs supported by donors included in net assets with donor restrictions are primarily support of field ministry staff and related projects.



**GREATER EUROPE MISSION AND AFFILIATES**  
**dba GEM USA**

**Notes to Consolidated Financial Statements**

June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

**SUPPORT, REVENUE, AND EXPENSES**

Contributions are recorded when made, which may be when cash and other assets are received or unconditionally promised. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. This reclassification is made by GEM USA when the funds are transferred from headquarters to the field. All contributions are considered available for unrestricted use unless specifically restricted by the donor. GEM USA reports gifts of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how those long-lived assets must be maintained, GEM USA reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Contributed services are reflected in the consolidated financial statements only if they meet appropriate recognition criteria. Accordingly, the value of the contributed services not meeting the requirements for recognition are not reflected in the consolidated financial statements.

Camper registration fees are related to the operation of GEM USA–sponsored conferences and camps. The revenue is recognized when earned. Any funds collected prior to the event are recorded as deferred revenue.

During the year ended June 30, 2023, GEM USA sold their land and building for proceeds of approximately \$4,000,000, which resulted in a gain on sale of the assets that is recorded on the consolidated statements of activities for the year ended June 30, 2023.

Other income consists of rental income and miscellaneous fees, and is recorded when earned.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

**GREATER EUROPE MISSION AND AFFILIATES**  
**dba GEM USA**

**Notes to Consolidated Financial Statements**

June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

**FUNCTIONAL ALLOCATION OF EXPENSES**

The consolidated statements of functional expenses report certain categories of expenses that are attributable to program or support activities of GEM USA. Accordingly, certain costs relating to more than one function, such as salaries and benefits, travel and hospitality, and professional fees have been allocated among the program and supporting activities. Depreciation is allocated based on square footage. All other expenses, such as salaries and benefits, are allocated based on estimates of time and effort.

**ADMINISTRATIVE ASSESSMENTS**

In an effort to cover overhead costs, GEM USA charges an administrative assessment on contributions with donor restrictions. The administrative fee varies between 5%-12%, based upon the type of gift given.

**OPERATING AND NON-OPERATING ACTIVITIES**

The activity of GEM USA has been reported in the consolidated statements of activities in the following two categories: operating and non-operating. Operating includes the core activities of the organization and interest income. Non-operating includes all other activity that is not considered to be part of GEM USA's core activities, such as investment income, changes in the deferred compensation liability and valuation adjustments on non-operating land and buildings.

**ALLOCATION OF JOINT COSTS**

GEM USA incurs joint costs relating to printing, media, and the expenses of furloughing missionaries. These expenses have been allocated as follows:

	<u>Year Ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Program services	\$ 1,792,947	\$ 1,771,619
Supporting activities:		
Management and general	37,173	3,250
Fundraising	<u>1,905,257</u>	<u>1,891,445</u>
	<u>\$ 3,735,377</u>	<u>\$ 3,666,314</u>

**GREATER EUROPE MISSION AND AFFILIATES**  
**dba GEM USA**

**Notes to Consolidated Financial Statements**

June 30, 2024 and 2023

3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects GEM USA's financial assets reduced by amounts not available for general expenditures within one year as of June 30, 2024 and 2023, respectively. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, designated by the board of directors for specific projects not expected to be released within one year, or long-term receivables and not available for general expenditure.

	Year Ended June 30,	
	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 4,678,962	\$ 5,937,213
Board-designated investments	915,302	777,002
Estate receivables	190,129	214,916
Advances and other receivables	110,173	277,453
Loans receivable	39,285	93,534
Amounts held for others	125,223	104,149
Investments	11,836,268	10,710,694
Financial assets, at year-end	17,895,342	18,114,961
Less those unavailable for general expenditure within one year, due to:		
Investments held for others	(125,223)	(104,149)
Estate receivables—net of current portion	(190,129)	(164,906)
Loans receivable—net of current portion	(23,664)	(74,583)
Board-designated funds	(915,302)	(777,002)
Financial assets available to meet cash needs for general expenditures within one year	\$ 16,641,024	\$ 16,994,321

GEM USA has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management monitors cash flows through board meetings and detailed financial analysis.

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4. FAIR VALUE MEASUREMENTS:

GEM USA uses appropriate valuation techniques to determine fair value based on inputs available. When available, GEM USA measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

Fair values of assets measured on a recurring basis at June 30, 2024 and 2023 are:

	June 30, 2024	<u>Fair Value Measurements Using:</u>	
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>
Investments:			
Mutual funds	\$ 1,852,425	\$ 1,852,425	\$ -
Corporate bonds	8,967,567	-	8,967,567
	10,819,992	<u>\$ 1,852,425</u>	<u>\$ 8,967,567</u>
Private equity shares held at cost	96,018		
Cash surrender value held at contract value	1,835,560		
	<u>\$ 12,751,570</u>		
		<u>Fair Value Measurements Using:</u>	
	June 30, 2023	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>
Investments:			
Mutual funds	\$ 1,449,657	\$ 1,449,657	\$ -
Corporate bonds	7,113,953	-	7,113,953
	8,563,610	<u>\$ 1,449,657</u>	<u>\$ 7,113,953</u>
Private equity shares held at cost	124,318		
Cash surrender value held at contract value	1,635,703		
	<u>\$ 10,323,631</u>		

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4. FAIR VALUE MEASUREMENTS, continued:

Valuation Techniques: The fair values of mutual funds are determined by reference to quoted market prices and other relevant information generated by market transactions. The fair values of corporate bonds are based on observable inputs other than the quoted prices included in Level 1 and thus are Level 2 based on yields for securities of comparable maturity, quality, and type as obtained from market makers. The private equity shares are held at cost as the fair market value is not readily determinable. Cash surrender value is held at contract value and therefore is not valued using fair value measurements.

Changes in valuation techniques: None.

5. INVESTMENTS AND BOARD-DESIGNATED INVESTMENTS:

Investments and board-designated investments consist of:

	June 30,	
	2024	2023
Investments	\$ 11,836,268	\$ 9,546,629
Board-designated investments	915,302	777,002
	\$ 12,751,570	\$ 10,323,631
	June 30,	
	2024	2023
Corporate bonds	\$ 8,967,567	\$ 7,113,953
Cash surrender value of life insurance	1,835,560	1,635,703
Mutual funds	1,852,425	1,449,657
Private equity shares	96,018	124,318
	\$ 12,751,570	\$ 10,323,631

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6. LOANS RECEIVABLE:

Loans receivable consist of:

	June 30,	
	2024	2023
Unsecured note receivable from a mission partner, monthly principal payments of \$1,000, beginning December 2019, interest at 0%. The note matures in March 2025.	\$ 15,000	\$ 15,000
Unsecured note receivable from a French church, monthly interest and principal payments of 300€, equivalent of \$326, as of June 30, 2024, interest at 1%. The note matures in July 2032.	24,285	28,385
Unsecured note receivable from a French church, monthly interest and principal payments of 300€, equivalent of \$326, as of June 30, 2024, interest at 1%. The note matures in December 2030.	-	28,271
	39,285	71,656
Less current portion	(15,621)	(19,294)
	\$ 23,664	\$ 52,362

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June 30, 2024 and 2023

7. LAND, BUILDINGS, AND EQUIPMENT–NET:

Land, buildings, and equipment–net consist of:

	June 30, 2024		
	U.S. Assets	Field Assets	Total
Operating land, buildings, and equipment–net:			
Land	\$ -	\$ 510,889	\$ 510,889
Buildings and improvements	-	2,415,518	2,415,518
Furniture, equipment, and other	79,472	64,642	144,114
Vehicles	-	89,255	89,255
	79,472	3,080,304	3,159,776
Accumulated depreciation	(75,458)	(1,858,181)	(1,933,639)
	4,014	1,222,123	1,226,137
Non-operating land, buildings, and equipment–net:			
Land	-	370,370	370,370
Buildings and improvements	-	872,002	872,002
	-	1,242,372	1,242,372
Accumulated depreciation	-	(636,961)	(636,961)
	-	605,411	605,411
	\$ 4,014	\$ 1,827,534	\$ 1,831,548

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7. LAND, BUILDINGS, AND EQUIPMENT–NET, continued:

Land, buildings, and equipment–net consist of, continued:

	June 30, 2023		
	U.S. Assets	Field Assets	Total
Operating land, buildings, and equipment–net:			
Land	\$ -	\$ 510,889	\$ 510,889
Buildings and improvements	-	2,415,518	2,415,518
Furniture, equipment, and other	79,472	64,642	144,114
Vehicles	-	89,255	89,255
	79,472	3,080,304	3,159,776
Accumulated depreciation	(54,274)	(1,804,623)	(1,858,897)
	25,198	1,275,681	1,300,879
Non-operating land, buildings, and equipment–net:			
Land	-	370,370	370,370
Buildings and improvements	-	872,002	872,002
	-	1,242,372	1,242,372
Accumulated depreciation	-	(609,525)	(609,525)
	-	632,847	632,847
	\$ 25,198	\$ 1,908,528	\$ 1,933,726

Management has reviewed the assets in other countries and, in its opinion, determined they are under the control and ownership of the ministry or meet the requirements for consolidation as set forth by the Not-for-Profit-Entities Topic of the Financial Accounting Standards Board Accounting Standards Codification. While such items are recognized as assets of the ministry, it should be noted that the political situation in many other countries is subject to rapid change. Therefore, the reader should be aware that while the ministry believes the assets are properly stated at the date of this report, subsequent changes could occur that would adversely affect the realizable value of the assets in other countries. In addition, it should be understood the carrying value of the assets in other countries may not be representative of the amount that could be realized should the assets be sold.



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8. NOTE PAYABLE:

Note payable consists of:

	June 30,	
	2024	2023
Note payable to a German financial institution, monthly principal and interest payments of 1,900€ (\$2,033 as of June 30, 2024), with an interest rate of 1.7% and maturity date of November 2027, at which time the interest rate will be adjustable until the note matures in May 2041. The note is secured by real property in Kandern, Germany.	\$ 357,453	\$ 382,593
Less current portion	(18,483)	(18,476)
	\$ 338,970	\$ 364,117

Future minimum payments related to the note payable are:

Year Ending June 30,	
2025	\$ 18,483
2026	18,800
2027	19,122
2028	19,450
2029	19,783
Thereafter	261,815
	\$ 357,453

GEM USA was in compliance with all financial and reporting covenants at June 30, 2024 and 2023.

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**Notes to Consolidated Financial Statements**

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9. NET ASSETS:

Net assets without donor restrictions consist of:

	June 30,	
	2024	2023
Operating	\$ 7,162,292	\$ 7,471,530
Board-designated	915,302	777,002
	\$ 8,077,594	\$ 8,248,532

Net assets with donor restrictions consist of:

	June 30,	
	2024	2023
Missionary support	\$ 8,277,338	\$ 7,791,387
International projects	1,562,075	1,719,912
Time restrictions	190,129	180,509
	\$ 10,029,542	\$ 9,691,808

10. DEFERRED COMPENSATION BENEFITS:

Pursuant to ongoing efforts to provide deferred compensation benefits for certain missionaries in prior years, GEM USA agreed to an arrangement whereby benefits were paid to certain missionaries with at least 30 years of service upon retirement. During fiscal year 1994, due to an increase in benefit payments and a decision to officially adopt and freeze benefits under this nonqualified deferred compensation arrangement effective December 31, 1995, GEM USA decided to change its method of accounting and accrue all existing benefits.

Using group annuity and mortality tables and a discount rate of 5.49% and 5.22% for the years ended June 30, 2024 and 2023, respectively, GEM USA has estimated the present value of benefits, based on credit for past service, that will be payable under the plan to be \$403,044 and \$422,333, as of June 30, 2024 and 2023, respectively. Payments recorded as expenses were \$59,092 and \$57,792 for the years ended June 30, 2024 and 2023, respectively. Currently, no assets are set aside to fund the benefits.

11. RETIREMENT PLAN:

GEM USA sponsors an ERISA-exempt 403(b) defined contribution plan for all full-time employees. GEM USA contributes 4% of eligible salary to an employee-directed plan. Total contributions were \$580,127 and \$520,235, for the years ended June 30, 2024 and 2023, respectively.

# **GREATER EUROPE MISSION AND AFFILIATES**

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### **Notes to Consolidated Financial Statements**

June 30, 2024 and 2023

#### **12. RELATED PARTY TRANSACTIONS:**

GEM USA's operations are conducted under the terms of a joint ministries agreement between GEM USA and Greater Europe Mission in Canada (GEM Canada). While there is representation on each board, GEM USA and GEM Canada have independent boards and are primarily affiliated through the joint ministries agreement. One of GEM USA's ex officio board members is currently a voting member of the GEM Canada board. Accordingly, only the financial position and activity of GEM USA has been included in these consolidated financial statements. As part of the joint ministries agreement, GEM Canada provided contributions of \$188,533 and \$223,652, (in U.S. dollars) to GEM USA during the years ended June 30, 2024 and 2023, respectively. GEM USA provided contributions of \$248,745 and \$267,201, to GEM Canada during the years ended June 30, 2024 and 2023, respectively.

Greater Europe Mission International (GEMi), a separate legal entity, began financial operations on July 1, 2019. GEMi is incorporated in the United States of America for the purpose of coordinating the efforts of the various national GEM USA entities around the world, including GEM USA, toward reaching Europe by multiplying disciples and growing Christ's Church. GEM USA operates under the terms of an affiliation agreement between GEM USA and GEMi. During the years ended June 30, 2024 and 2023, six GEM board members also served on the board of GEMi. The GEM USA board members do not have the ability to appoint or ratify the GEMi board members. This board overlap is intended to be temporary, and accordingly, the financial position and activity of GEMi have not been included in these consolidated financial statements. As part of the joint ministries agreement, GEM USA paid \$2,211,803 and \$1,977,755, respectively, to GEMi during the years ended June 30, 2024 and 2023, which included assessment fees due to the international entity of \$650,615 and \$624,180, respectively, and a percent of general fund contributions of \$1,561,188 and \$1,353,575, respectively. This is recorded as grants to others in the consolidated statements of functional expenses. During the years ended June 30, 2024 and 2023, GEMi reimbursed GEM USA for approximately \$1,071,000 and \$932,000, respectively, of salary expense, which is netted against salaries and benefits in the consolidated statements of functional expenses. A related party payable of \$301,642 and \$159,640, respectively, is included in the consolidated statements of financial position as of June 30, 2024 and 2023, which represents the amount due to/from GEM USA and GEMi.

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12. RELATED PARTY TRANSACTIONS, continued:

During the years ended June 30, 2024 and 2023, GEM USA board members contributed approximately \$1,179,000 and \$825,000, respectively, to GEM USA.

13. SUBSEQUENT EVENTS:

Subsequent events were evaluated through November 4, 2024, which is the date the consolidated financial statements were available to be issued.