



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

Consolidated Financial Statements  
With Independent Auditors' Report

June 30, 2021 and 2020

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

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## **INDEPENDENT AUDITORS' REPORT**

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

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, 2021 and 2020, 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.

### ***Management's Responsibility 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; this includes 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.

### ***Auditors' Responsibility***

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

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

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

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

***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Greater Europe Mission and Affiliates dba GEM USA as of June 30, 2021 and 2020, and the changes in their net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Capin Crouse LLP*

Colorado Springs, Colorado  
November 5, 2021

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

**Consolidated Statements of Financial Position**

	June 30,	
	2021	2020
<b>ASSETS:</b>		
Current assets:		
Cash and cash equivalents	\$ 3,603,501	\$ 3,108,217
Advances and other receivables	238,296	268,548
Estate receivables—current portion	411,020	501,901
Loans receivable—current portion	7,808	36,579
Prepaid expense and other assets	83,481	161,507
Amounts held for others	144,998	117,360
	4,489,104	4,194,112
Loans receivable—net of current portion	119,738	133,304
Investments	10,618,212	8,945,697
Estate receivables—net of current portion	164,906	314,181
Real estate held for investment	358,791	358,791
Land, buildings, and equipment—net	3,586,182	3,550,142
	4,489,104	4,194,112
Total Assets	\$ 19,336,933	\$ 17,496,227
<b>LIABILITIES AND NET ASSETS:</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 520,941	\$ 346,295
Related party payable	194,589	103,400
Deferred revenue	138,899	76,217
Investments held for others	144,998	117,360
Note payable—current portion	19,220	18,056
Annuities payable—current portion	6,105	7,538
Deferred compensation liability—current portion	62,720	61,344
	1,087,472	730,210
Note payable—net of current portion	437,835	430,170
Annuities payable—net of current portion	42,530	58,255
Deferred compensation liability—net of current portion	577,347	615,660
	2,145,184	1,834,295

(continued)

See notes to consolidated financial statements

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

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

	June 30,	
	<u>2021</u>	<u>2020</u>
LIABILITIES AND NET ASSETS, continued:		
Net assets:		
Without donor restrictions	7,013,058	6,447,184
With donor restrictions	<u>10,178,691</u>	<u>9,214,748</u>
Total net assets	<u>17,191,749</u>	<u>15,661,932</u>
 Total Liabilities and Net Assets	 <u>\$ 19,336,933</u>	 <u>\$ 17,496,227</u>

See notes to consolidated financial statements

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

**Consolidated Statements of Activities**

	Year Ended June 30,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING:</b>						
<b>SUPPORT AND REVENUE:</b>						
Contributions	\$ 1,831,242	\$ 21,458,203	\$ 23,289,445	\$ 1,281,249	\$ 20,835,624	\$ 22,116,873
Camper registration fees	77,175	-	77,175	344,263	-	344,263
Investment income	14,094	-	14,094	12,609	-	12,609
Change in value of gift annuities	10,966	-	10,966	(13,741)	-	(13,741)
Other income	303,754	-	303,754	328,799	-	328,799
<b>Total Support and Revenue</b>	<b>2,237,231</b>	<b>21,458,203</b>	<b>23,695,434</b>	<b>1,953,179</b>	<b>20,835,624</b>	<b>22,788,803</b>
<b>NET ASSETS RELEASED:</b>						
Purpose restrictions	18,272,510	(18,272,510)	-	17,456,753	(17,456,753)	-
Administrative assessments	2,221,750	(2,221,750)	-	2,173,541	(2,173,541)	-
<b>Total Net Assets Released</b>	<b>20,494,260</b>	<b>(20,494,260)</b>	<b>-</b>	<b>19,630,294</b>	<b>(19,630,294)</b>	<b>-</b>
<b>EXPENSES:</b>						
Program services	16,048,977	-	16,048,977	16,290,950	-	16,290,950
Supporting activities:						
Management and general	4,164,601	-	4,164,601	3,986,039	-	3,986,039
Fund-raising	2,526,177	-	2,526,177	2,049,959	-	2,049,959
	6,690,778	-	6,690,778	6,035,998	-	6,035,998
<b>Total Expenses</b>	<b>22,739,755</b>	<b>-</b>	<b>22,739,755</b>	<b>22,326,948</b>	<b>-</b>	<b>22,326,948</b>

(continued)

See notes to consolidated financial statements

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

**Consolidated Statements of Activities**  
(continued)

	Year Ended June 30,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Change in Net Assets From Operations	(8,264)	963,943	955,679	(743,475)	1,205,330	461,855
NON-OPERATING:						
Investment income	567,899	-	567,899	320,422	-	320,422
Change in value of deferred compensation liability	36,937	-	36,937	5,311	-	5,311
Valuation adjustment on non- operating land and buildings	(30,698)	-	(30,698)	(30,698)	-	(30,698)
Change in Net Assets From Non-Operating Activities	574,138	-	574,138	295,035	-	295,035
Change in Net Assets	565,874	963,943	1,529,817	(448,440)	1,205,330	756,890
Net Assets, Beginning of Year	6,447,184	9,214,748	15,661,932	6,895,624	8,009,418	14,905,042
Net Assets, End of Year	<u>\$ 7,013,058</u>	<u>\$ 10,178,691</u>	<u>\$ 17,191,749</u>	<u>\$ 6,447,184</u>	<u>\$ 9,214,748</u>	<u>\$ 15,661,932</u>

See notes to consolidated financial statements



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

**Consolidated Statement of Functional Expenses**

	Year Ended June 30, 2021			Total
	Program Services	Supporting Activities		
		General and Administrative	Fund-raising	
<b>OPERATING:</b>				
Salaries and benefits	\$ 12,641,082	\$ 1,469,466	\$ 1,511,530	\$ 15,622,078
International office assessment and grants	115,742	1,324,624	68,184	1,508,550
Grants to others	1,236,277	-	-	1,236,277
Travel and hospitality	822,406	46,537	462,053	1,330,996
Professional fees	92,521	990,903	38,544	1,121,968
Office and information technology	539,087	138,700	130,767	808,554
Other	214,989	22,008	303,956	540,953
Equipment and facilities	261,656	64,222	11,143	337,021
Depreciation and depletion	125,217	108,141	-	233,358
Total Operating Expenses	<u>16,048,977</u>	<u>4,164,601</u>	<u>2,526,177</u>	<u>22,739,755</u>
<b>NON-OPERATING:</b>				
Valuation adjustment on non-operating land and buildings	<u>20,261</u>	<u>10,437</u>	<u>-</u>	<u>30,698</u>
Total Expenses	<u>\$ 16,069,238</u>	<u>\$ 4,175,038</u>	<u>\$ 2,526,177</u>	<u>\$ 22,770,453</u>

See notes to consolidated financial statements

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

**Consolidated Statement of Functional Expenses**

	Year Ended June 30, 2020			Total
	Program Services	Supporting Activities		
		General and Administrative	Fund-raising	
<b>OPERATING:</b>				
Salaries and benefits	\$ 11,793,715	\$ 1,377,194	\$ 1,442,156	\$ 14,613,065
Travel and hospitality	1,762,573	53,005	247,989	2,063,567
Grants to others	1,626,213	-	-	1,626,213
International office assessment and grants	-	1,101,114	63,877	1,164,991
Professional fees	89,483	886,918	60,627	1,037,028
Office and information technology	569,859	146,112	95,465	811,436
Equipment and facilities	285,506	104,374	8,572	398,452
Other	279,822	18,827	98,012	396,661
Depreciation	149,861	65,674	-	215,535
Total Operating Expenses	<u>16,557,032</u>	<u>3,753,218</u>	<u>2,016,698</u>	<u>22,326,948</u>
<b>NON-OPERATING:</b>				
Valuation adjustment on non-operating land and buildings	20,261	10,437	-	30,698
Total Expenses	<u>\$ 16,577,293</u>	<u>\$ 3,763,655</u>	<u>\$ 2,016,698</u>	<u>\$ 22,357,646</u>

See notes to consolidated financial statements

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

**Consolidated Statements of Cash Flows**

	Year Ended June 30,	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 1,529,817	\$ 756,890
Adjustments to reconcile to net cash provided (used) by operating activities:		
Depreciation and depletion	264,056	246,233
Reinvested dividends	(233,457)	(233,387)
Net realized and unrealized gains on investments	(224,103)	(87,034)
Change in value of gift annuities	(10,966)	13,741
Change in operating assets and liabilities:		
Advances and other receivables	30,252	(80,996)
Estate receivables	18,858	(500,865)
Prepaid expenses and other assets	78,026	385,956
Amounts held for others	(27,638)	3,264
Accounts payable and accrued expenses	174,646	(161,754)
Related party payable	91,189	103,400
Deferred revenue	62,682	(83,834)
Investments held for others	27,638	(3,264)
Deferred compensation liability	(36,937)	(5,311)
Net Cash Provided by Operating Activities	1,744,063	353,039
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(1,213,924)	(330,245)
Proceeds from sales of investments	181,329	27,537
Purchases of land, buildings, and equipment	(261,158)	(27,168)
Loans issued and foreign currency valuation adjustment	(5,824)	(47,950)
Collections of loans receivable	48,161	35,267
Net Cash Used by Investing Activities	(1,251,416)	(342,559)

(continued)

See notes to consolidated financial statements

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

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

	Year Ended June 30,	
	2021	2020
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments on note payable	(19,185)	(17,752)
Foreign currency valuation adjustment on note payable	28,014	(8,321)
Maturity of annuities	(432)	(7,416)
Payments on annuities	(5,760)	(7,538)
Net Cash Provided (Used) by Financing Activities	2,637	(41,027)
Net Change in Cash and Cash Equivalents	495,284	(30,547)
Cash and Cash Equivalents, Beginning of Year	3,108,217	3,138,764
Cash and Cash Equivalents, End of Year	\$ 3,603,501	\$ 3,108,217
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Interest paid	\$ 7,985	\$ 7,685
Transfer of estate receivable to investments	\$ 221,298	\$ -

See notes to consolidated financial statements

# GREATER EUROPE MISSION AND AFFILIATES AFFILIATES dba GEM USA

## Notes to Consolidated Financial Statements

June 30, 2021 and 2020

### 1. NATURE OF ORGANIZATION:

Greater Europe Mission and Affiliates dba 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, Greater Europe Mission 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's wider mission of Discipleship Multiplication Training with areas of focus on the following programs:

*Discipleship Multiplication Training* - At our core, Greater Europe Mission 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 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's 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 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 is positioned to be the hands and feet of Jesus in Europe.

# GREATER EUROPE MISSION AND AFFILIATES

## AFFILIATES dba GEM USA

### Notes to Consolidated Financial Statements

June 30, 2021 and 2020

1. NATURE OF ORGANIZATION, continued:

*Justice Ministries* - Psalm 82:4 Rescue the weak and the needy; deliver them from the hand of the wicked. The goal of GEM's Justice Ministries 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 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 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 consolidated 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), L'Arcada, 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

## AFFILIATES dba GEM USA

### Notes to Consolidated Financial Statements

June 30, 2021 and 2020

#### 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, 2021 and 2020, GEM USA had cash and cash equivalents on deposit with financial institutions that exceeded federally insured (FDIC) balances by approximately \$2,338,000 and \$1,935,000, respectively. However, GEM USA has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

##### 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, 2021 and 2020, 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 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 \$144,998 and \$117,360 , held for the Portuguese Bible Institute as of June 30, 2021 and 2020, respectively.

##### INVESTMENTS

Investments, with the exception of private equity shares and real estate held for investment, are recorded at fair value. Real estate held for investment is stated at the lower of cost or market. Donated securities are recorded at fair value on the date of the gift and sold as soon as possible thereafter. Unrealized gains or losses in fair value are recognized in the year in which they occur.

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.

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

**Notes to Consolidated Financial Statements**

June 30, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

**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. As of June 30, 2021 and 2020, the board had designated \$1,180,643 and \$1,455,623, respectively, as an investment reserve.

*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

## AFFILIATES dba GEM USA

### Notes to Consolidated Financial Statements

June 30, 2021 and 2020

#### 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 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.

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.

##### 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.

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

**Notes to Consolidated Financial Statements**

June 30, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

**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. Non-operating includes all other activity that is not considered to be part of GEM USA's core activities, such as investment income from long-term investments, 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:

	Year Ended June 30,	
	2021	2020
Program services	\$ 1,498,282	\$ 1,427,214
Supporting activities:		
Management and general	2,882	5,342
Fund-raising	1,546,599	1,442,581
	\$ 3,047,763	\$ 2,875,137

**RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENT**

In 2014, the Financial Accounting Standards Board issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers*. GEM USA adopted the provisions of this new standard during the year ended June 30, 2021. This new standard applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. Adoption of this standard had no effect on change in net assets or net assets in total.

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, 2021 and 2020, 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 with one year, or long-term receivables and not available for general expenditure.

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

**Notes to Consolidated Financial Statements**

June 30, 2021 and 2020

3. LIQUIDITY AND FUNDS AVAILABLE, continued:

	Year Ended June 30,	
	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 3,603,501	\$ 3,108,217
Estate receivables	575,926	816,082
Advances and other receivables	238,296	268,548
Loans receivable	127,546	169,883
Amounts held for others	144,998	117,360
Investments	10,618,212	8,945,697
Financial assets, at year-end	15,308,479	13,425,787
Less those unavailable for general expenditure within one year, due to:		
Investments held for others	(144,998)	(117,360)
Estate receivables—net of current portion	(164,906)	(314,181)
Time restricted funds not expected to be used within one year	(575,926)	(816,082)
Loans receivable—net of current portion	(119,738)	(133,304)
Board designated funds for long-term use	(1,180,643)	(1,080,623)
Financial assets available to meet cash needs for general expenditures within one year	\$ 13,122,268	\$ 10,964,237

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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**Notes to Consolidated Financial Statements**

June 30, 2021 and 2020

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, 2021 and 2020 are:

		Fair Value Measurements Using:	
	June 30, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments:			
Mutual funds	\$ 143,174	\$ 143,174	\$ -
Corporate bonds	8,552,177	-	8,552,177
	8,695,351	\$ 143,174	\$ 8,552,177
Private equity shares held at cost	182,360		
Cash surrender value held at contract value	1,740,501		
	\$ 10,618,212		
	June 30, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments:			
Mutual funds	\$ 123,283	\$ 123,283	\$ -
Corporate bonds	7,465,841	-	7,465,841
	7,589,124	\$ 123,283	\$ 7,465,841
Cash surrender value held at contract value	1,356,573		
	\$ 8,945,697		

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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:

Investments consist of:

	June 30,	
	2021	2020
Corporate bonds	\$ 8,552,177	\$ 7,465,841
Cash surrender value	1,740,501	1,356,573
Private equity shares	182,360	-
Mutual funds	143,174	123,283
	\$ 10,618,212	\$ 8,945,697

Investment income consists of:

	Year Ended June 30,	
	2021	2020
Operating investment income:		
Interest and dividends	\$ 14,094	\$ 12,609
Non-operating investment income:		
Interest and dividends	235,065	236,753
Net realized and unrealized gains	366,143	119,361
Investment management expenses	(33,309)	(35,692)
	567,899	320,422
	\$ 581,993	\$ 333,031

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6. LOANS RECEIVABLE:

Loans receivable consist of:

	June 30,	
	2021	2020
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.	\$ 50,000	\$ 50,000
Unsecured note receivable from a French church, monthly interest and principal payments of 300€, equivalent of \$357, as of June 30, 2021, interest at 1%. The note matures in July 2032.	38,995	45,758
Unsecured note receivable from a French church, monthly interest and principal payments of 300€, equivalent of \$357, as of June 30, 2021, interest at 1%. The note matures in December 2030.	38,551	40,073
Unsecured note receivable from a mission partner, quarterly interest and principal payments of \$3,000, beginning September 2017, interest at 0%. The note matured in September 2020.	-	16,639
Unsecured note receivable from a mission partner, annual interest and principal payments of \$10,000, beginning July 2018, interest at 0%. The note matured in July 2020.	-	10,052
Unsecured note receivable from a French church, monthly interest and principal payment of 1,102€, equivalent of \$1,311, as of June 30, 2020, interest at 2%. The note matured in December 2020.	-	7,361
	127,546	169,883
Less current portion	(7,808)	(36,579)
	\$ 119,738	\$ 133,304

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7. LAND, BUILDINGS, AND EQUIPMENT–NET:

Land, buildings, and equipment–net consist of:

	June 30, 2021		
	U.S. Headquarters	Field Assets	Total
Operating land, buildings, and equipment–net:			
Land	\$ 139,717	\$ 1,070,889	\$ 1,210,606
Buildings and improvements	1,466,148	2,721,773	4,187,921
Furniture, equipment, and other	213,606	342,151	555,757
Vehicles	23,800	244,571	268,371
	1,843,271	4,379,384	6,222,655
Accumulated depreciation	(1,395,305)	(2,317,748)	(3,713,053)
	447,966	2,061,636	2,509,602
Construction in process	-	358,173	358,173
	447,966	2,419,809	2,867,775
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	-	(523,965)	(523,965)
	-	718,407	718,407
	\$ 447,966	\$ 3,138,216	\$ 3,586,182

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

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

	June 30, 2020		
	U.S. Headquarters	Field Assets	Total
Operating land, buildings, and equipment–net:			
Land	\$ 139,717	\$ 1,070,889	\$ 1,210,606
Buildings and improvements	1,466,148	2,721,773	4,187,921
Furniture, equipment, and other	313,248	310,581	623,829
Vehicles	23,800	214,538	238,338
	1,942,913	4,317,781	6,260,694
Accumulated depreciation	(1,509,308)	(2,172,271)	(3,681,579)
	433,605	2,145,510	2,579,115
Construction in process	19,736	232,884	252,620
	453,341	2,378,394	2,831,735
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	-	(523,965)	(523,965)
	-	718,407	718,407
	\$ 453,341	\$ 3,096,801	\$ 3,550,142

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,	
	2021	2020
Note payable to a German financial institution, monthly principal and interest payments of 1,900€ (\$2,261 as of June 30, 2021), 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.	\$ 457,055	\$ 448,226
Less current portion	(19,220)	(18,056)
	\$ 437,835	\$ 430,170

Future minimum payments related to the note payable are:

Year Ending June 30,		
2022	\$	19,220
2023		19,549
2024		19,884
2025		20,253
2026		20,571
Thereafter		357,578
	\$	457,055

GEM USA was in compliance with all financial and reporting covenants at June 30, 2021.

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9. NET ASSETS:

Net assets without donor restrictions consist of:

	June 30,	
	2021	2020
Operating	\$ 5,832,415	\$ 4,991,561
Board designated	1,180,643	1,455,623
	\$ 7,013,058	\$ 6,447,184

Net assets with donor restrictions consist of:

	June 30,	
	2021	2020
Missionary support	\$ 8,067,092	\$ 7,072,381
International projects	1,535,673	1,326,285
Time restrictions	575,926	816,082
	\$ 10,178,691	\$ 9,214,748

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 2.84% and 2.77% for the years ended June 30, 2021 and 2020, 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 \$640,067 and \$677,004 as of June 30, 2021 and 2020, respectively. Payments recorded as expenses were \$62,720 and \$61,344, the years ended June 30, 2021 and 2020, 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 \$456,629 and \$431,505 for the years ended June 30, 2021 and 2020, respectively.

# GREATER EUROPE MISSION AND AFFILIATES

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### Notes to Consolidated Financial Statements

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#### 12. RELATED PARTY TRANSACTIONS:

GEM USA has a contract for accounting and management services provided by a related party. Total expense under this contract was \$666,519 and \$632,620, for the years ended June 30, 2021 and 2020, respectively. These expenses are included in supporting activities expenses. The contract is an activity-based five-year contract, which is adjusted annually. There are no minimum commitments under this contract, so no future minimum payments have been disclosed. One of GEM USA's voting board members and one of GEM USA's ex officio board members are currently voting board members of this organization which has nine total voting board members. The organization also paid expenses related to a facility rental for \$61,068 to GEM USA for both years ended June 30, 2021 and 2020, respectively.

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 \$196,723 and \$140,728 (in U.S. dollars) to GEM USA during the years ended June 30, 2021 and 2020, respectively. GEM USA provided contributions of \$240,081 and \$223,578 to GEM Canada during the years ended June 30, 2021 and 2020, 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 Greater Europe Mission 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, 2021 and 2020, six and eight 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 \$1,508,550 and \$1,164,991, respectively, to GEMi during the years ended June 30, 2021 and 2020 which included an initial granting of assets, assessment fees due to the international entity, and a percent of general fund contributions. This is recorded as international office assessment on the statements of functional expenses. During the years ended June 30, 2021 and 2020, GEMi reimbursed GEM USA for approximately \$645,000 and \$726,500, respectively, of salary expense, which is netted against salaries and benefits in the statements of functional expenses. A related party payable of \$194,589 and \$103,400, respectively, is included in the statement of financial position as of June 30, 2021 and 2020, which represents the amount due from GEM USA to GEMi.

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13. RISKS AND UNCERTAINTIES:

In March 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of GEM USA for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

14. SUBSEQUENT EVENTS:

Subsequent events were evaluated through November 5, 2021, which is the date the consolidated financial statements were available to be issued.