



World Renew

Financial Statements and Supplementary Information Years Ended June 30, 2017 and 2016

World Renew

Financial Statements and Supplementary Information
Years Ended June 30, 2017 and 2016

World Renew

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Independent Auditor's Report

Governing Board
World Renew
Grand Rapids, Michigan

We have audited the accompanying financial statements of World Renew (the Organization), which comprise the statements of financial position as of June 30, 2017 and 2016 (restated), and the related statements of activities, functional expenses, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the 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 Organization'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 financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of World Renew, as of June 30, 2017 and 2016 (restated), 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.

Emphasis of Matter

As described in Note 13 to the financial statements, the 2016 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

BDO USA, LLP

December 12, 2017

Financial Statements

World Renew

Statements of Financial Position

<i>June 30, 2017</i>	Unrestricted			Temporarily Restricted	Total
	Operating	Designated	Total		
Assets					
Cash and cash equivalents	\$ 1,831,977	\$ 6,114,925	\$ 7,946,902	\$ 2,885,543	\$ 10,832,445
Investments held by CRCNA Funds, LLC	7,895,426	-	7,895,426	-	7,895,426
Other investments	33,894	-	33,894	-	33,894
Field advances	252,158	-	252,158	-	252,158
Due from Christian Reformed Church in North America	7,539	1,000,000	1,007,539	-	1,007,539
Due from other Christian Reformed Church in North America agencies	16,680	-	16,680	-	16,680
Pledges and grants receivable	52,318	-	52,318	185,437	237,755
Interest and other receivables	10,075	-	10,075	-	10,075
Prepaid expenses	246,820	-	246,820	-	246,820
Beneficial interest in assets held by Barnabas Foundation	-	-	-	3,240,351	3,240,351
Property and equipment	755,975	-	755,975	155,206	911,181
Less: accumulated depreciation	(491,632)	-	(491,632)	(52,650)	(544,282)
Total Assets	\$ 10,611,230	\$ 7,114,925	\$ 17,726,155	\$ 6,413,887	\$ 24,140,042
Liabilities and Net Assets					
Liabilities					
Accounts payable and accrued expenses	\$ 386,503	\$ -	\$ 386,503	\$ -	\$ 386,503
Overseas severance accrual	221,349	-	221,349	-	221,349
Due to World Renew in Canada	154,744	-	154,744	-	154,744
Due to other Christian Reformed Church in North America agencies	70,328	-	70,328	-	70,328
Annuities payable	98,976	-	98,976	-	98,976
Total Liabilities	931,900	-	931,900	-	931,900
Net Assets					
Unrestricted	9,679,330	7,114,925	16,794,255	-	16,794,255
Temporarily restricted	-	-	-	6,413,887	6,413,887
Total Net Assets	9,679,330	7,114,925	16,794,255	6,413,887	23,208,142
Total Liabilities and Net Assets	\$ 10,611,230	\$ 7,114,925	\$ 17,726,155	\$ 6,413,887	\$ 24,140,042

See accompanying notes to financial statements.

World Renew

Statements of Financial Position

<i>June 30, 2016</i>	Unrestricted			Temporarily Restricted (Restated)	Total (Restated)
	Operating	Designated	Total		
Assets					
Cash and cash equivalents	\$ 806,485	\$ 6,020,608	\$ 6,827,093	\$ 3,056,625	\$ 9,883,718
Investments held by CRCNA Funds, LLC	7,148,483	-	7,148,483	-	7,148,483
Other investments	35,058	-	35,058	-	35,058
Field advances	139,929	-	139,929	-	139,929
Due from Christian Reformed Church in North America	7,769	1,000,000	1,007,769	-	1,007,769
Due from World Renew in Canada	366,861	-	366,861	-	366,861
Due from other Christian Reformed Church in North America agencies	139	-	139	-	139
Pledges and grants receivable	-	-	-	112,386	112,386
Interest and other receivables	411,939	-	411,939	-	411,939
Prepaid expenses	89,722	-	89,722	-	89,722
Beneficial interest in assets held by Barnabas Foundation	-	-	-	3,311,135	3,311,135
Property and equipment	766,191	-	766,191	155,206	921,397
Less: accumulated depreciation	(498,897)	-	(498,897)	(50,850)	(549,747)
Total Assets	\$ 9,273,679	\$ 7,020,608	\$ 16,294,287	\$ 6,584,502	\$ 22,878,789
Liabilities and Net Assets					
Liabilities					
Accounts payable and accrued expenses	\$ 347,180	\$ -	\$ 347,180	\$ -	\$ 347,180
Overseas severance accrual	208,572	-	208,572	-	208,572
Due to other Christian Reformed Church in North America agencies	76,455	-	76,455	-	76,455
Annuities payable	157,129	-	157,129	-	157,129
Total Liabilities	789,336	-	789,336	-	789,336
Net Assets					
Unrestricted	8,484,343	7,020,608	15,504,951	-	15,504,951
Temporarily restricted	-	-	-	6,584,502	6,584,502
Total Net Assets	8,484,343	7,020,608	15,504,951	6,584,502	22,089,453
Total Liabilities and Net Assets	\$ 9,273,679	\$ 7,020,608	\$ 16,294,287	\$ 6,584,502	\$ 22,878,789

See accompanying notes to financial statements.

World Renew

Statements of Activities

<i>Year ended June 30, 2017</i>	Unrestricted			Temporarily Restricted	Permanently Restricted	Total
	Operating	Designated	Total			
Revenues and Other Support						
Contributions - churches and individuals:						
Development programs	\$ 1,891,619	\$ -	\$ 1,891,619	\$ 851,251	\$ -	\$ 2,742,870
Disaster programs	-	-	-	2,005,415	-	2,005,415
Donated services for disaster programs	1,538,188	-	1,538,188	-	-	1,538,188
Unspecified	4,754,206	1,900,510	6,654,716	141,066	-	6,795,782
Total contributions - churches and individuals	8,184,013	1,900,510	10,084,523	2,997,732	-	13,082,255
Other revenues:						
Grants from others	-	-	-	778,609	-	778,609
Investment income and other	839,480	-	839,480	-	-	839,480
Net assets released from restrictions	3,876,172	-	3,876,172	(3,876,172)	-	-
Transfer	1,806,193	(1,806,193)	-	-	-	-
Total Revenues and Other Support	14,705,858	94,317	14,800,175	(99,831)	-	14,700,344
Expenses						
Program services:						
Overseas development	5,714,269	-	5,714,269	-	-	5,714,269
Disaster programs	4,576,787	-	4,576,787	-	-	4,576,787
Domestic development	126,802	-	126,802	-	-	126,802
Education and justice	1,100,140	-	1,100,140	-	-	1,100,140
Total program services	11,517,998	-	11,517,998	-	-	11,517,998
Support services:						
Resource development	1,359,237	-	1,359,237	-	-	1,359,237
Management and general	633,636	-	633,636	-	-	633,636
Total support services	1,992,873	-	1,992,873	-	-	1,992,873
Total Expenses	13,510,871	-	13,510,871	-	-	13,510,871
Changes in net assets before beneficial interest	1,194,987	94,317	1,289,304	(99,831)	-	1,189,473
Change in Beneficial Interest in Assets Held by Barnabas Foundation						
Contributions from the beneficial interest	-	-	-	(380,400)	-	(380,400)
Change in net assets in the beneficial interest	-	-	-	309,616	-	309,616
Total Change in Beneficial Interest in Assets Held by Barnabas Foundation	-	-	-	(70,784)	-	(70,784)
Changes in Net Assets	\$ 1,194,987	\$ 94,317	\$ 1,289,304	\$ (170,615)	\$ -	\$ 1,118,689

See accompanying notes to financial statements.

World Renew

Statements of Activities

<i>Year ended June 30, 2016</i>	Unrestricted			Temporarily Restricted (Restated)	Permanently Restricted	Total (Restated)
	Operating	Designated	Total			
Revenues and Other Support						
Contributions - churches and individuals:						
Development programs	\$ 1,763,777	\$ -	\$ 1,763,777	\$ 750,592	\$ -	\$ 2,514,369
Disaster programs	-	-	-	1,335,796	-	1,335,796
Donated services for disaster programs	1,153,810	-	1,153,810	-	-	1,153,810
Unspecified	4,881,699	4,944,195	9,825,894	77,051	-	9,902,945
Total contributions - churches and individuals	7,799,286	4,944,195	12,743,481	2,163,439	-	14,906,920
Other revenues:						
Direct government grants	2,371	-	2,371	-	-	2,371
Grants from others	-	-	-	730,492	-	730,492
Investment income and other	170,804	-	170,804	-	-	170,804
Net assets released from restrictions	2,820,730	-	2,820,730	(2,797,339)	(23,391)	-
Transfer	1,473,045	(3,012,062)	(1,539,017)	1,539,017	-	-
Total Revenues and Other Support	12,266,236	1,932,133	14,198,369	1,635,609	(23,391)	15,810,587
Expenses						
Program services:						
Overseas development	5,816,756	-	5,816,756	-	-	5,816,756
Disaster programs	3,281,736	-	3,281,736	-	-	3,281,736
Domestic development	274,364	-	274,364	-	-	274,364
Education and justice	1,055,241	-	1,055,241	-	-	1,055,241
Total program services	10,428,097	-	10,428,097	-	-	10,428,097
Support services:						
Resource development (restated)	1,360,712	-	1,360,712	-	-	1,360,712
Management and general	1,016,198	-	1,016,198	-	-	1,016,198
Total support services	2,376,910	-	2,376,910	-	-	2,376,910
Total Expenses	12,805,007	-	12,805,007	-	-	12,805,007
Changes in net assets before beneficial interest	(538,771)	1,932,133	1,393,362	1,635,609	(23,391)	3,005,580
Change in Beneficial Interest in Assets Held by Barnabas Foundation						
Contributions from the beneficial interest	-	-	-	(338,628)	-	(338,628)
Change in assets in the beneficial interest	-	-	-	(88,704)	-	(88,704)
Total Change in Beneficial Interest in Assets Held by Barnabas Foundation	-	-	-	(427,332)	-	(427,332)
Changes in Net Assets	\$ (538,771)	\$ 1,932,133	\$ 1,393,362	\$ 1,208,277	\$ (23,391)	\$ 2,578,248

See accompanying notes to financial statements.

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Statements of Functional Expenses

Year ended June 30, 2017	Program Services					Support Services			
	Overseas Development	Disaster Programs	Domestic Development	Education and Justice	Total	Resource Development	Management and General	Total	Total
Expenses									
Salaries	\$ 1,245,851	\$ 514,361	\$ -	\$ 476,973	\$ 2,237,185	\$ 577,358	\$ 312,601	\$ 889,959	\$ 3,127,144
Employee benefits	520,971	154,685	-	163,196	838,852	215,197	111,554	326,751	1,165,603
Home office costs									
Operations	132,878	65,247	-	218,492	416,617	320,013	135,011	455,024	871,641
Printed materials	71	6,473	-	56,435	62,979	55,526	400	55,926	118,905
Travel	17,811	34,469	-	60,144	112,424	57,116	32,857	89,973	202,397
Facilities and equipment	50,443	120,895	-	88,832	260,170	84,598	40,598	125,196	385,366
Training/education	91,807	29,700	-	6,277	127,784	3,108	615	3,723	131,507
Promotional events and mailings	-	3,046	-	29,791	32,837	46,321	-	46,321	79,158
Total home office costs	293,010	259,830	-	459,971	1,012,811	566,682	209,481	776,163	1,788,974
Field costs									
Travel	247,769	218,265	3,284	-	469,318	-	-	-	469,318
Vehicle	173,984	49,162	-	-	223,146	-	-	-	223,146
Housing	260,102	138,926	-	-	399,028	-	-	-	399,028
Field office costs	250,003	33,531	-	-	283,534	-	-	-	283,534
Capital expenses	325,993	-	-	-	325,993	-	-	-	325,993
Training/education	90,916	-	-	-	90,916	-	-	-	90,916
National staff costs	596,081	1,538,188	-	-	2,134,269	-	-	-	2,134,269
Objective costs:									
Food production	590,775	-	-	-	590,775	-	-	-	590,775
Income generation	100,168	-	-	-	100,168	-	-	-	100,168
Health	282,740	-	-	-	282,740	-	-	-	282,740
HIV/AIDS awareness and prevention	89,447	-	-	-	89,447	-	-	-	89,447
Literacy	28,311	-	-	-	28,311	-	-	-	28,311
Community development	254,222	-	123,518	-	377,740	-	-	-	377,740
Diaconal development	16,240	-	-	-	16,240	-	-	-	16,240
Justice	218,455	-	-	-	218,455	-	-	-	218,455
Disaster relief	-	1,669,839	-	-	1,669,839	-	-	-	1,669,839
Other	129,231	-	-	-	129,231	-	-	-	129,231
Total field costs	3,654,437	3,647,911	126,802	-	7,429,150	-	-	-	7,429,150
Total Expenses	\$ 5,714,269	\$ 4,576,787	\$ 126,802	\$ 1,100,140	\$ 11,517,998	\$ 1,359,237	\$ 633,636	\$ 1,992,873	\$ 13,510,871

See accompanying notes to financial statements.

World Renew

Statements of Functional Expenses

Year ended June 30, 2016	Program Services					Support Services			
	Overseas Development	Disaster Programs	Domestic Development	Education and Justice	Total	Resource Development	Management and General	Total	Total
Expenses									
Salaries	\$ 1,759,184	\$ 450,919	\$ -	\$ 368,675	\$ 2,578,778	\$ 615,301	\$ 302,772	\$ 918,073	\$ 3,496,851
Employee benefits	469,800	144,092	-	122,943	736,835	205,521	131,093	336,614	1,073,449
Home office costs									
Operations (restated)	165,352	188,839	-	214,087	568,278	287,066	511,480	798,546	1,366,824
Printed materials	-	8,902	-	78,855	87,757	73,368	-	73,368	161,125
Travel	28,916	25,293	-	62,937	117,146	54,112	25,078	79,190	196,336
Facilities and equipment	48,892	112,682	-	70,039	231,613	90,109	42,542	132,651	364,264
Training/education	72,062	15,980	-	118,292	206,334	1,031	3,233	4,264	210,598
Promotional events and mailings	301	1,448	-	19,413	21,162	34,204	-	34,204	55,366
Total home office costs	315,523	353,144	-	563,623	1,232,290	539,890	582,333	1,122,223	2,354,513
Field costs									
Travel	264,633	319,518	1,212	-	585,363	-	-	-	585,363
Vehicle	130,052	35,483	-	-	165,535	-	-	-	165,535
Housing	214,445	123,867	-	-	338,312	-	-	-	338,312
Field office costs	243,673	31,428	-	-	275,101	-	-	-	275,101
Capital expenses	302,853	-	-	-	302,853	-	-	-	302,853
Training/education	77,742	14	-	-	77,756	-	-	-	77,756
National staff costs	514,804	1,153,810	-	-	1,668,614	-	-	-	1,668,614
Objective costs:									
Food production	498,269	-	-	-	498,269	-	-	-	498,269
Income generation	69,757	-	-	-	69,757	-	-	-	69,757
Health	198,152	-	-	-	198,152	-	-	-	198,152
HIV/AIDS awareness and prevention	114,714	-	-	-	114,714	-	-	-	114,714
Literacy	48,407	-	-	-	48,407	-	-	-	48,407
Community development	271,784	-	273,152	-	544,936	-	-	-	544,936
Diaconal development	19,771	-	-	-	19,771	-	-	-	19,771
Justice	208,598	-	-	-	208,598	-	-	-	208,598
Disaster relief	-	669,461	-	-	669,461	-	-	-	669,461
Other	94,595	-	-	-	94,595	-	-	-	94,595
Total field costs	3,272,249	2,333,581	274,364	-	5,880,194	-	-	-	5,880,194
Total Expenses	\$ 5,816,756	\$ 3,281,736	\$ 274,364	\$ 1,055,241	\$ 10,428,097	\$ 1,360,712	\$ 1,016,198	\$ 2,376,910	\$ 12,805,007

See accompanying notes to financial statements.

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Statements of Changes in Net Assets

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance, July 1, 2015 (restated)	\$ 14,111,589	\$ 5,376,225	\$ 23,391	\$ 19,511,205
Changes in net assets (restated)	1,393,362	1,208,277	(23,391)	2,578,248
Balance, June 30, 2016 (restated)	15,504,951	6,584,502	-	22,089,453
Changes in net assets	1,289,304	(170,615)	-	1,118,689
Balance, June 30, 2017	\$ 16,794,255	\$ 6,413,887	\$ -	\$ 23,208,142

See accompanying notes to financial statements.

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Statements of Cash Flows

<i>Year ended June 30,</i>	2017	2016 (Restated)
Cash Flows From (for) Operating Activities		
Changes in net assets	\$ 1,118,689	\$ 2,578,248
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Change in value of annuities	(28,958)	(22,735)
Depreciation	56,900	47,458
Net unrealized (gain) loss on investments	(598,637)	1,862,583
Net realized (gain) loss on sale of investments	572	(1,809,751)
Net change in beneficial interest in assets held by Barnabas Foundation	70,784	427,332
Net gain on sale of equipment	(14,082)	(13,372)
Changes in assets and liabilities:		
Field advances	(112,229)	319,111
Due to/from Christian Reformed Church of North America	230	(83,466)
Due to/from other Christian Reformed Church of North America agencies	(22,668)	36,373
Due to/from World Renew in Canada	521,605	664,667
Pledges and grants receivable	(125,369)	(111,900)
Interest and other receivables	401,864	(360,254)
Prepaid expenses	(157,098)	55,650
Accounts payable and accrued expenses	39,323	(39,056)
Overseas severance accrual	12,777	16,738
Net Cash From Operating Activities	1,163,703	3,567,626
Cash Flows From (for) Investing Activities		
Purchases of equipment	(55,983)	(83,792)
Proceeds from sale of equipment	17,916	1,576
Insurance proceeds	-	12,418
Proceeds from the sale of investments	1,385	7,070,527
Purchases of investments	(149,098)	(7,202,313)
Net Cash for Investing Activities	(185,781)	(201,584)
Cash Flows for Financing Activity		
Payments on annuity agreements	(29,195)	(29,317)
Net increase in cash and cash equivalents	948,727	3,336,725
Cash and Cash Equivalents, beginning of year	9,883,718	6,546,993
Cash and Cash Equivalents, end of year	\$ 10,832,445	\$ 9,883,718

See accompanying notes to financial statements.

World Renew

Notes to Financial Statements

1. Organization

World Renew (a Michigan nonprofit corporation) (the Organization) operates under the direction of the Synod of the Christian Reformed Church. The purpose of the Organization is to provide technical and rehabilitation assistance as well as disaster relief on a worldwide basis.

The Organization's Program Services are described as follows:

- Overseas Development - The Organization works overseas on community development by training people in agriculture, health, income earnings, literacy, small business development and leadership skills in order to transform communities and improve lives. This is accomplished, in large part, through mentoring local non-government organizations in under-served communities.
- Disaster Programs - The Organization provides disaster survivors with assistance. Overseas relief focuses on food, medicine and other material aid. Domestic relief efforts focus on either granting funds to long-term recovery organizations or facilitating volunteer teams in order to conduct clean-up, needs assessment and home reconstruction/repair to communities in disaster areas.
- Domestic Development - The Organization equips and networks community development leaders to build community strength and seek just sustainable transformation through strategic partnership with Communities First Association, a 501(c)(3) charitable organization.
- Education and Justice - The Organization educates constituency and provides opportunities, through work groups and volunteer positions, for people to serve in North America and overseas in community development.

2. Summary of Significant Accounting Policies

Basis of Presentation

Net assets and changes therein are classified and reported as follows:

- Unrestricted net assets - Net assets which are not subject to donor-imposed stipulations. Included in unrestricted net assets are net assets that have been designated by the Board for a seven year term endowment.
- Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Revenues, contributions, grants and investment income are reported as follows:

- 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. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Contributions with

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Notes to Financial Statements

donor-imposed restrictions where the restrictions are met in the same year as the contribution is received are reported as unrestricted revenues.

- Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

During the fiscal year ending June 30, 2017, \$1,806,193 was released from designation and moved to unrestricted operating. During the fiscal year ending June 30, 2016, Board-designated unrestricted net assets of \$3,012,062 were transferred out of designated classification, where \$1,473,045 of the balance was released from designation and moved to unrestricted operating, while the remainder of \$1,539,017 was transferred into temporarily restricted due to those monies being donor-stipulated for the disaster program and there being this remaining balance unspent as of the end of the year.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect amounts reported therein. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid debt instruments with original maturities of less than three months when purchased.

Investments

Investments are carried at fair value as determined by quoted market prices and other measurement inputs. See Notes 4 and 5 for additional disclosures on investments.

Field Advances

Field advances represent holdings of overseas offices for use of current and future programs consisting of reconciled overseas bank accounts, petty cash holdings, staff advances and, in certain offices, emergency evacuation funds.

Property, Equipment and Depreciation

Property and equipment are carried at cost less accumulated depreciation. Property and equipment purchases of \$1,000 or more are capitalized and depreciated using the straight-line method over the estimated useful lives of the assets, which range from 2 to 40 years. Property and equipment for use in international fields are expensed at the time of purchase.

Donated Services

Donated services are reflected in the statements of activities to the extent that they are in accordance with the Financial Accounting Standards Board (FASB) standard, *Accounting for*

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Notes to Financial Statements

Contributions Received and Contributions Made. Skilled volunteer service hours of 63,719 and 48,973 were contributed to the Organization and recorded in the statements of activities in the amount of \$1,538,188 and \$1,153,810 as revenues and expenses during the years ended June 30, 2017 and 2016, respectively. The skills provided include management, construction trades and accounting. Certain other donated services are not reflected in the financial statements inasmuch as these services do not create or enhance nonfinancial assets or require specialized skills. Volunteer service hours of approximately 159,500 and 136,300 were contributed to the Organization but not reflected in the financial statements during the years ended June 30, 2017 and 2016, respectively, by approximately 2,300 and 2,100 individuals, respectively.

Donated Materials

Donated materials are recorded in the financial statements when such donations are significant and meet the criteria of the FASB standard previously mentioned.

Grants From Others

Grants from others are recorded as deferred revenue upon receipt of advances. Grant revenues are recognized as related expenses are incurred.

Cost Allocation Plan

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs incurred for the joint purpose of educating constituents and soliciting financial support has been allocated according to the amount the programs and supporting services benefited. For the 2017 and 2016 fiscal years, these joint costs totaled \$1,048,216 and \$987,060, with an allocation of \$524,108 and \$493,530 to resource development and a \$524,108 and \$493,530 allocation to education and justice, respectively.

Investment Income

Investment income consists of realized and unrealized gains and losses, interest and dividends, and the change in the present value of annuities payable.

Income Taxes

The Organization is exempt from federal income taxes due to its status as a not-for-profit corporation under Internal Revenue Code Section 501(c)(3) and contributions are deductible for federal income tax purposes. The Organization is not aware of any material uncertain tax positions.

Subsequent Events

Management has evaluated subsequent events through December 12, 2017, the date the financial statements were available to be issued. Based on evaluation, there were no matters identified that had significant impact on the financial statements presented.

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Notes to Financial Statements

3. Property and Equipment

A summary of property and equipment is as follows:

<i>June 30,</i>	2017	2016
Land	\$ 130,206	\$ 130,206
Buildings and leasehold improvements	215,950	273,349
Vehicles	560,967	516,247
Office equipment	4,058	1,595
Total	\$ 911,181	\$ 921,397

Depreciation expense was \$56,900 and \$47,458 for the years ended June 30, 2017 and 2016, respectively.

4. Investments

The Organization directs the majority of its investments through CRCNA Funds, LLC (CRCNA Funds). CRCNA Funds holds investments of the participating agencies of the Christian Reformed Church, which are administered and managed by US Trust. Participating agencies direct their investments into a money market account, a balanced portfolio and a fixed-income portfolio, and are allocated their share of investment earnings and losses.

Investment Risk

The Organization invests in various securities including government bonds, corporate bonds, equity funds, money market funds and other debt instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statements of financial position.

Investments are summarized as follows:

<i>June 30,</i>	2017	2016
Investments Held by CRCNA Funds, LLC		
Money market	\$ -	\$ 1,353
Fixed-income portfolio	26,725	26,750
Balanced portfolio	7,868,701	7,120,380
Total Investments Held by CRCNA Funds, LLC	\$ 7,895,426	\$ 7,148,483
Other Investments	\$ 33,894	\$ 35,058

Investments are carried at fair value. Fair value is determined by closing market prices at fiscal year-end. Unrealized appreciation and depreciation of investments held at fair value as of the fiscal

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Notes to Financial Statements

year-end is determined using the beginning of the fiscal year market value or purchase price, if acquired since that date. Purchase and sales of securities are recorded on a trade-date basis. Interest income is recorded on an accrual basis.

Total investment income of approximately \$779,000 and \$102,000 for the years ended June 30, 2017 and 2016 represented reinvested investment and dividend income of approximately \$184,000 and \$155,000, net realized (losses) gains of approximately (\$4,000) and \$1,810,000, net unrealized gains (losses) of approximately \$599,000 and (\$1,863,000), respectively.

5. Fair Value Measurements

In accordance with the FASB standard relating to fair value measurements, the Organization classifies its investments and annuities payable into Level 1, which refers to securities valued using quoted prices from active markets for identical assets; Level 2, which refers to securities and annuities not traded on an active market but for which observable market inputs are readily available; and Level 3, which refers to securities and other investments valued based on significant unobservable inputs. The valuation technique utilized by the Organization for its Level 2 investments is the market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets. Annuities payable are valued at present value. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The following tables set forth by level within the fair value hierarchy a summary of the Organization's investments and annuities payable measured at fair value on a recurring basis:

<i>June 30, 2017</i>	Level 1	Level 2	Level 3	Total
Investments held by CRCNA Funds, LLC	\$ 7,102,801	\$ 792,625	\$ -	\$ 7,895,426
Other investments	-	-	33,894	33,894
Investments, at fair value	\$ 7,102,801	\$ 792,625	\$ 33,894	\$ 7,929,320
Annuities Payable	\$ -	\$ 98,976	\$ -	\$ 98,976
<i>June 30, 2016</i>	Level 1	Level 2	Level 3	Total
Investments held by CRCNA Funds, LLC	\$ 6,433,597	\$ 714,886	\$ -	\$ 7,148,483
Other investments	-	-	35,058	35,058
Investments, at fair value	\$ 6,433,597	\$ 714,886	\$ 35,058	\$ 7,183,541
Annuities Payable	\$ -	\$ 157,129	\$ -	\$ 157,129

The change in the Organization's Level 3 investment was due to a net unrealized loss of \$1,164 and \$544 for the years ended June 30, 2017 and 2016, respectively.

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Notes to Financial Statements

6. Annuities Payable

Donors have transferred assets to the Organization in exchange for the right to receive a predetermined return during their lifetime (an annuity). A portion of the transfer is considered to be a charitable contribution for income tax purposes. Upon receipt of the transfer, the Organization records a liability for the annuity payable at the present value of future payments based on life expectancy and the midterm federal rate for U.S. treasury bills for the month the contract is written with the same maturity as the average life expectancy of the annuitants. The difference between the liability recognized for the annuity and the amount of the transfer is recognized as unrestricted contribution income at the date of the gift, unless the gift portion is restricted. Annuity payments are charged against the liability which, at the end of each fiscal year, is adjusted to the present value of future payments based on life expectancy (utilizing the Internal Revenue Service life expectancy Tables for Males and Females) and the interest rate commensurate with the remaining expected term of the contract (3.8% to 8.0% at June 30, 2017). The resulting adjustment is netted against investment income in the statement of activities.

7. Conditional Support

The Organization has been identified as the primary beneficiary of charitable gift annuities that donors have entered into with the Barnabas Foundation. These are considered conditional contributions as the Organization receives no funds until the donor's death. The total amount of these conditional contributions was approximately \$228,000 and \$246,000 at June 30, 2017 and 2016, respectively.

8. Due (To)/From World Renew in Canada

Disaster programs, overseas development projects, management and general expenses, and certain fundraising costs are funded jointly by the Organization and World Renew in Canada. Payable to or receivables from World Renew in Canada do result depending upon the original funding source of these shared costs. The amount due (to)/from World Renew in Canada was approximately (\$154,700) and \$366,900 for the years ended June 30, 2017 and 2016, respectively.

9. Employee Retirement Plan

The Organization contributes to the CRCNA's Employee's Savings Plan, a defined contribution retirement plan for the benefit of covered employees. The Organization's obligation for the plan is limited to a matching contribution of up to 4% of eligible wages, with employer discretionary contributions equaling 6% of eligible wages of qualified employees for the years ended June 30, 2017 and 2016.

Retirement plan contribution expense for the years ended June 30, 2017 and 2016 amounted to approximately \$287,200 and \$271,600, respectively for the plan.

10. Transactions With Other Christian Reformed Church Entities

The Organization purchased printed material totaling approximately \$113,000 and \$156,100 in 2017 and 2016, respectively from the Christian Reformed Church in North America (CRCNA) and also incurred charges of approximately \$770,100 and \$831,600 in 2017 and 2016 for administrative support, copying, mailing and other services, respectively. The Organization also incurred charges

World Renew

Notes to Financial Statements

during 2017 and 2016 of approximately \$257,400 and \$237,100 from the CRCNA for support charges related to the financial services function and approximately \$199,400 and \$200,200 of allocated building occupancy expense, respectively. At June 30, 2017 and 2016, due to other Christian Reformed Church in North America agencies were approximately \$70,300 and \$76,500, respectively.

The Organization held a note receivable from CRCNA in the amount of \$1,000,000 as of June 30, 2017 and 2016 which accrues interest at 1.38% per annum and is included in the due from CRCNA balance. All principal and interest from the June 30, 2017 and 2016 balances are due December 31, 2017 and 2016, respectively.

The Organization manages its cash in conjunction with the Christian Reformed Church consolidated cash management system, which holds all funds in a single bank. As part of this process, CRCNA may loan or borrow funds of participating entities. In addition to the note receivable, CRCNA borrowed approximately \$7,500 and \$7,800 from the Organization as of June 30, 2017 and 2016, respectively. The Organization has authorized the use of its funds held in the Christian Reformed Church concentration cash account as collateral for borrowings of CRCNA, up to a \$2,000,000 limit.

11. Term Endowments

The Organization has established two term endowment funds in order to apply certain types of financial support received against the Organization's financial operations over an extended period of time.

The first of these term endowments, called the Joseph Fund, consists of both Board-designated funds representing unrestricted estate monies received and donor-restricted funds - charitable contributions donors have stipulated for the Joseph Fund. In the first year, 10% of the Joseph Fund's monies received are released to operations. 15% is then released to the Organization's operations for each of the subsequent six years.

The second of these term endowments, called the Village Savings and Loan Fund, consists of donor-restricted funds - charitable contributions donors have stipulated for the Village Savings and Loan Fund. In the first year and subsequent 14 years, approximately 6.67% is released to operations meeting certain program criteria.

As required by GAAP, net assets associated with these term endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

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Notes to Financial Statements

In the fiscal year ended June 30, 2017, the Organization had the following changes in Board-designated and temporarily restricted term endowments:

	Village Savings and Loan Fund Temporarily Restricted	Joseph Fund Unrestricted Board- Designated	Joseph Fund Temporarily Restricted
Balance, July 1, 2015	\$ 276,343	\$ 3,549,458	\$ 332,862
Gifts received and adjustments	135,686	4,944,195	77,051
Releases	(146,430)	(1,473,045)	(93,908)
Balance, July 1, 2016	265,599	7,020,608	316,005
Gifts received and adjustments	114,300	1,900,510	26,766
Releases	(124,640)	(1,806,193)	(95,143)
Balance, June 30, 2017	\$ 255,259	\$ 7,114,925	\$ 247,628

12. Beneficial Interest in Assets Held by Barnabas Foundation

The Organization has a beneficial interest in the net assets of the Barnabas Foundation related to trusts that donors have established at the Barnabas Foundation that designates the Organization as the primary beneficiary. This beneficial interest is adjusted annually to reflect the changes in the net assets of these trusts and amounts transferred to the Organization during the reporting period.

The total changes in beneficial interest in the net assets of the Barnabas Foundation for the years ended June 30, 2017 and 2016 are summarized as follows:

	2017	2016
Beginning Balance	\$ 3,311,135	\$ 3,738,467
Change in beneficial interest in the net assets of the Barnabas Foundation before contributions	309,616	(88,704)
Contributions to the Organization	(380,400)	(338,628)
Ending Balance	\$ 3,240,351	\$ 3,311,135

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Notes to Financial Statements

13. Prior Period Adjustment

The Organization has recorded a prior period adjustment to record a beneficial interest in assets held by the Barnabas Foundation, as described in Note 12. The Organization has also adjusted various revenues and expenses to properly report the transactions related to this beneficial interest, along with other smaller changes, during 2016.

The effects of the restatements are identified in the table below:

<i>As of July 1, 2015</i>	As Originally Reported	Effects of Change	As Restated
Temporarily Restricted Net Assets	\$ 1,637,758	\$ 3,738,467	\$ 5,376,225

<i>As of June 30, 2016</i>	As Originally Reported	Effects of Change	As Restated
Prepaid expenses	\$ 57,624	\$ 32,098	\$ 89,722
Beneficial interest in assets held by Barnabas Foundation	-	3,311,135	3,311,135
Pledges and grants receivable	863,859	(751,473)	112,386
Total assets	20,287,029	2,591,760	22,878,789
Unrestricted net assets	15,472,853	32,098	15,504,951
Temporarily restricted net assets	4,024,840	2,559,662	6,584,502
Total net assets	19,497,693	2,591,760	22,089,453

<i>Year ended June 30, 2016</i>	As Originally Reported	Effects of Change	As Restated
Contributions - development programs (temporarily restricted)	\$ 1,502,065	\$ (751,473)	\$ 750,592
Total revenues and other support	16,562,060	(751,473)	15,810,587
Support services - resource development	1,392,810	(32,098)	1,360,712
Total expenses	12,837,105	(32,098)	12,805,007

Statements of Cash Flows

Changes in net assets	\$ 3,724,955	\$ (1,146,707)	\$ 2,578,248
Pledges and grants receivable	(863,373)	751,473	(111,900)
Prepaid expenses	87,748	(32,098)	55,650
Net change in beneficial interest in assets held by Barnabas Foundation	-	427,332	427,332
Net cash from operating activities	3,567,626	-	3,567,626

Supplementary Information



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Independent Auditor's Report on Supplementary Information

Our audit of the financial statements included in the preceding section of this report was conducted for the purpose of forming an opinion on those statements taken as a whole. The supplementary information presented in the following section of this report is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

BDO USA, LLP

December 12, 2017

World Renew

Details of Overseas Development Program Services

<i>Year ended June 30,</i>	2017	2016
Bangladesh	\$ 219,597	\$ 256,717
Cambodia	74,732	85,902
Dominican Republic	27,277	25,681
Guatemala	340,555	311,149
Haiti	330,689	353,633
Honduras	94,922	132,633
India	102,285	102,660
Kenya	647,577	605,081
Laos	1,312	35,700
Malawi	113,350	114,998
Mali	15,666	5,096
Mexico	22,026	20,996
Mozambique	20,862	2,353
Nicaragua	411,265	354,546
Niger	305,440	286,724
Nigeria	178,048	187,517
Senegal	799	912
Sierra Leone	119,137	93,001
Tanzania	170,492	261,507
Uganda	511,128	698,849
Zambia	55,893	94,344
Regional ministries	932,020	766,484
Program development	1,019,197	1,020,273
Total	\$ 5,714,269	\$ 5,816,756

See accompanying independent auditor's report on supplementary information.