

**World Renew**  
**(Incorporated in Canada)**  
**Financial Statements**  
**For the year ended June 30, 2016**

**World Renew**  
**Financial Statements**  
For the year ended June 30, 2016

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## Independent Auditor's Report

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### To the Governing Board of World Renew

We have audited the accompanying financial statements of World Renew, which comprise the statement of financial position as at June 30, 2016, and the statements of activities and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation 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 audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit 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 World Renew'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 World Renew's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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 qualified audit opinion.

### Basis for Qualified Opinion

In common with many not-for-profit organizations, World Renew derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of World Renew. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess (deficiency) of revenue over expenses, and cash flows from operations for the years ended June 30, 2016 and 2015, current assets as at June 30, 2016 and 2015 and net assets as at July 1 and June 30 for both the 2016 and 2015 years. Our audit opinion on the financial statements for the year ended June 30, 2015 was modified accordingly because of the possible effects of this limitation in scope.

### Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of World Renew as at June 30, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

**BDO CANADA LLP**

Chartered Professional Accountants, Licensed Public Accountants  
Burlington, Ontario  
November 15, 2016

**World Renew  
Statement of Financial Position**

**June 30, 2016**

	Operating	Board Designated	CFGB	Total
<b>Assets</b>				
<b>Current</b>				
Cash	\$ 4,177,844	\$ 2,963,650	\$ -	\$ 7,141,494
Accounts receivable	254,673	-	-	254,673
Prepaid expenses	13,236	-	-	13,236
Field advances (Note 2)	1,414,463	-	-	1,414,463
Due from related party (Note 3)	2,235,269	-	-	2,235,269
	<b>8,095,485</b>	<b>2,963,650</b>	<b>-</b>	<b>11,059,135</b>
Investment in CFGB (Note 4)	-	-	1,131,879	1,131,879
Capital assets (Note 5)	5,502	-	-	5,502
	<b>\$ 8,100,987</b>	<b>\$ 2,963,650</b>	<b>\$ 1,131,879</b>	<b>\$ 12,196,516</b>

**Liabilities**

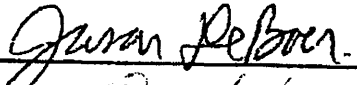
**Current**

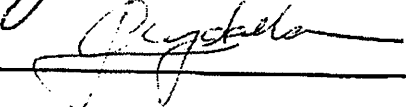
Accounts payable and accrued liabilities	\$ 678,069	\$ -	\$ -	\$ 678,069
Due to related party (Note 3)	473,874	-	-	473,874
Deferred contributions (Note 6)	6,769,130	-	-	6,769,130
	<b>7,921,073</b>	<b>-</b>	<b>-</b>	<b>7,921,073</b>

**Net Assets**

Operating	179,914	-	-	179,914
Restricted				
Board designated	-	2,963,650	-	2,963,650
CFGB (Note 4)	-	-	1,131,879	1,131,879
	<b>179,914</b>	<b>2,963,650</b>	<b>1,131,879</b>	<b>4,275,443</b>
	<b>\$ 8,100,987</b>	<b>\$ 2,963,650</b>	<b>\$ 1,131,879</b>	<b>\$ 12,196,516</b>

On behalf of the Board:

 Director

 Director

**World Renew**  
**Statement of Financial Position**

**June 30, 2015**

	Operating	Board Designated	CFGB	Total
<b>Assets</b>				
<b>Current</b>				
Cash	\$ 5,035,152	\$ 2,736,989	\$ -	\$ 7,772,141
Accounts receivable	61,001	-	-	61,001
Prepaid expenses	7,202	-	-	7,202
Field advances (Note 2)	1,066,862	-	-	1,066,862
Due from related party (Note 3)	2,446,788	-	-	2,446,788
	8,617,005	2,736,989	-	11,353,994
Investment in CFGB (Note 4)	-	-	1,544,687	1,544,687
Capital assets (Note 5)	8,966	-	-	8,966
	\$ 8,625,971	\$ 2,736,989	\$ 1,544,687	\$ 12,907,647
<b>Liabilities</b>				
<b>Current</b>				
Accounts payable and accrued liabilities	\$ 657,332	\$ -	\$ -	\$ 657,332
Due to related party (Note 3)	1,288,378	-	-	1,288,378
Deferred contributions (Note 6)	7,314,244	-	-	7,314,244
	9,259,954	-	-	9,259,954
<b>Net Assets</b>				
Operating	(633,983)	-	-	(633,983)
Restricted				
Board designated	-	2,736,989	-	2,736,989
CFGB (Note 4)	-	-	1,544,687	1,544,687
	(633,983)	2,736,989	1,544,687	3,647,693
	\$ 8,625,971	\$ 2,736,989	\$ 1,544,687	\$ 12,907,647

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

## World Renew Statement of Activities

For the year ended June 30, 2016

	Operating	Board Designated	CFGB	Total
<b>Revenue</b>				
Contributions				
Development programs	\$ 3,756,591	\$ -	\$ -	\$ 3,756,591
Disaster programs	3,532,674	-	1,957,409	5,490,083
Unspecified	3,220,670	614,606	-	3,835,276
	<b>10,509,935</b>	<b>614,606</b>	<b>1,957,409</b>	<b>13,081,950</b>
Other revenue				
Direct government contributions (Note 4 and 7)	1,610,335	-	7,349,532	8,959,867
Grants from others	3,386,602	-	-	3,386,602
Investment income and other	186,172	-	-	186,172
	<b>15,693,044</b>	<b>614,606</b>	<b>9,306,941</b>	<b>25,614,591</b>
<b>Expenses</b>				
Program services				
Overseas development (Page 18)	6,980,416	-	-	6,980,416
Disaster programs (Page 19)	4,952,926	-	-	4,952,926
Domestic development	186,138	-	-	186,138
Education and justice	726,407	-	-	726,407
CFGB (Note 4)	-	-	9,719,749	9,719,749
Total program services	<b>12,845,887</b>	<b>-</b>	<b>9,719,749</b>	<b>22,565,636</b>
Support services				
Resource development	1,592,523	-	-	1,592,523
Management and general	828,682	-	-	828,682
Total support services	<b>2,421,205</b>	<b>-</b>	<b>-</b>	<b>2,421,205</b>
	<b>15,267,092</b>	<b>-</b>	<b>9,719,749</b>	<b>24,986,841</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 425,952</b>	<b>\$ 614,606</b>	<b>\$ (412,808)</b>	<b>\$ 627,750</b>

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

## World Renew Statement of Activities

**For the year ended June 30, 2015**

	Operating	Board Designated	CFGB	Total
<b>Revenue</b>				
Contributions				
Development programs	\$ 3,420,679	\$ -	\$ -	\$ 3,420,679
Disaster programs	2,556,852	-	1,741,705	4,298,557
Unspecified	3,087,266	972,353	-	4,059,619
	9,064,797	972,353	1,741,705	11,778,855
Other revenue				
Direct government contributions (Note 4 and 7)	1,580,009	-	5,889,080	7,469,089
Grants from others	5,381,066	-	-	5,381,066
Investment income and other	202,512	-	-	202,512
	16,228,384	972,353	7,630,785	24,831,522
<b>Expenses</b>				
Program services				
Overseas development (Page 18)	7,683,388	-	-	7,683,388
Disaster programs (Page 19)	7,839,572	-	-	7,839,572
Domestic development	108,482	-	-	108,482
Education and justice	585,402	-	-	585,402
CFGB (Note 4)	-	-	7,672,674	7,672,674
Total program services	16,216,844	-	7,672,674	23,889,518
Support services				
Resource development	1,462,184	-	-	1,462,184
Management and general	1,143,642	-	-	1,143,642
Total support services	2,605,826	-	-	2,605,826
	18,822,670	-	7,672,674	26,495,344
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ (2,594,286)</b>	<b>\$ 972,353</b>	<b>\$ (41,889)</b>	<b>\$ (1,663,822)</b>

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

# World Renew Schedule of Functional Expenses

For the year ended June 30, 2016

	Program Services					Support Services				
	Overseas Development	Disaster Programs	Domestic Development	Education and Justice	CFGB	Total	Resource Development	Management and General	Total	Total
<b>Expenses</b>										
Salaries	\$ 763,776	\$ 559,854	\$ 125,906	\$ 122,079	\$ -	\$ 1,571,615	\$ 664,027	\$ 281,890	\$ 945,917	\$ 2,517,532
Employee benefits	499,540	133,395	27,553	23,936	-	684,424	147,562	59,197	206,759	891,183
<b>Total salaries and benefits</b>	<b>1,263,316</b>	<b>693,249</b>	<b>153,459</b>	<b>146,015</b>	<b>-</b>	<b>2,256,039</b>	<b>811,589</b>	<b>341,087</b>	<b>1,152,676</b>	<b>3,408,715</b>
<b>Home office costs</b>										
Operations	53,840	135,348	18,894	29,156	-	237,238	1,000,488	433,273	1,433,761	1,670,999
Printed materials	-	11,138	1,319	-	-	12,457	103,303	-	103,303	115,760
Travel	65,729	68,548	4,971	22,729	-	161,977	67,660	33,990	101,650	263,627
Facilities and equipment	6,530	28,242	7,110	15,459	-	57,341	20,176	15,539	35,715	93,056
Training/education	5,268	25,987	370	-	-	31,625	2,717	1,117	3,834	35,459
Promotional events and mailings	-	2	15	-	-	17	99,994	3,676	103,670	103,687
Allocation	-	-	-	513,404	-	513,404	(513,404)	-	(513,404)	-
<b>Total home office costs</b>	<b>131,367</b>	<b>269,265</b>	<b>32,679</b>	<b>580,748</b>	<b>-</b>	<b>1,014,059</b>	<b>780,934</b>	<b>487,595</b>	<b>1,268,529</b>	<b>2,282,588</b>
<b>Field Costs</b>										
Travel	296,423	160,063	-	-	-	456,486	-	-	-	456,486
Vehicle	92,982	(17,914)	-	-	-	75,068	-	-	-	75,068
Housing	196,332	19,279	-	-	-	215,611	-	-	-	215,611
Field office costs	173,551	49,640	-	-	-	223,191	-	-	-	223,191
Capital expenses	-	58,784	-	-	-	58,784	-	-	-	58,784
Training/education	91,979	15,312	-	-	-	107,291	-	-	-	107,291
Planning/consultation	3,774	-	-	-	-	3,774	-	-	-	3,774
Field staff costs	563,187	399,651	-	-	-	962,838	-	-	-	962,838
Objective costs										
Agriculture	519,080	-	-	-	-	519,080	-	-	-	519,080
Income generation	12,920	-	-	-	-	12,920	-	-	-	12,920
Health	730,074	-	-	-	-	730,074	-	-	-	730,074
HIV/AIDS awareness and prevention	68,701	-	-	-	-	68,701	-	-	-	68,701
Literacy	331,799	-	-	-	-	331,799	-	-	-	331,799
Community development	1,678,015	-	-	-	-	1,678,015	-	-	-	1,678,015
Diagonal development	120,847	-	-	-	-	120,847	-	-	-	120,847
Justice	161,438	-	-	-	-	161,438	-	-	-	161,438
Disaster relief and food security	-	3,181,186	-	-	9,719,749	12,900,935	-	-	-	12,900,935
Organizational capacity development	184,328	-	-	-	-	184,328	-	-	-	184,328
Environment	3,317	-	-	-	-	3,317	-	-	-	3,317
Water projects	10,821	-	-	-	-	10,821	-	-	-	10,821
Other	178,148	-	-	-	-	178,148	-	-	-	178,148
Miscellaneous	168,017	124,411	-	(356)	-	292,072	-	-	-	292,072
<b>Total field costs</b>	<b>5,585,733</b>	<b>3,990,412</b>	<b>-</b>	<b>(356)</b>	<b>9,719,749</b>	<b>19,295,538</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,295,538</b>
<b>Total expenses</b>	<b>\$ 6,980,416</b>	<b>\$ 4,952,926</b>	<b>\$ 186,138</b>	<b>\$ 726,407</b>	<b>\$ 9,719,749</b>	<b>\$ 22,565,636</b>	<b>\$ 1,592,523</b>	<b>\$ 828,682</b>	<b>2,421,205</b>	<b>\$ 24,986,841</b>

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



# World Renew Schedule of Functional Expenses

For the year ended June 30, 2015

	Program Services					Support Services				
	Overseas Development	Disaster Programs	Domestic Development	Education and Justice	CFGB	Total	Resource Development	Management and General	Total	Total
<b>Expenses</b>										
Salaries	\$ 1,217,010	\$ 715,321	\$ 69,127	\$ 91,876	\$ -	\$ 2,093,334	\$ 628,205	\$ 271,429	\$ 899,634	\$ 2,992,968
Employee benefits	404,821	145,726	17,267	23,594	-	591,408	150,423	55,524	205,947	797,355
<b>Total salaries and benefits</b>	<b>1,621,831</b>	<b>861,047</b>	<b>86,394</b>	<b>115,470</b>	<b>-</b>	<b>2,684,742</b>	<b>778,628</b>	<b>326,953</b>	<b>1,105,581</b>	<b>3,790,323</b>
<b>Home office costs</b>										
Operations	84,072	560,667	12,423	49,840	-	707,002	908,027	772,059	1,680,086	2,387,088
Printed materials	12	11,055	-	695	-	11,762	86,875	23	86,898	98,660
Travel	29,268	50,451	7,287	12,727	-	99,733	58,903	24,556	83,459	183,192
Facilities and equipment	3,188	15,243	2,178	5,020	-	25,629	13,220	15,891	29,111	54,740
Training/education	12,029	19,367	200	82	-	31,678	2,757	3,300	6,057	37,735
Promotional events and mailings	-	514	-	-	-	514	31,714	860	32,574	33,088
Allocation	-	-	-	417,940	-	417,940	(417,940)	-	(417,940)	-
<b>Total home office costs</b>	<b>128,569</b>	<b>657,297</b>	<b>22,088</b>	<b>486,304</b>	<b>-</b>	<b>1,294,258</b>	<b>683,556</b>	<b>816,689</b>	<b>1,500,245</b>	<b>2,794,503</b>
<b>Field Costs</b>										
Travel	248,756	269,625	-	-	-	518,381	-	-	-	518,381
Vehicle	160,058	2,721	-	-	-	162,779	-	-	-	162,779
Housing	263,689	92,071	-	-	-	355,760	-	-	-	355,760
Field office costs	189,045	64,274	-	-	-	253,319	-	-	-	253,319
Capital expenses	15,109	63,069	-	-	-	78,178	-	-	-	78,178
Training/education	96,653	-	-	-	-	96,653	-	-	-	96,653
Planning/consultation	13,639	-	-	-	-	13,639	-	-	-	13,639
Field staff costs	612,202	206,628	-	-	-	818,830	-	-	-	818,830
<b>Objective costs</b>										
Agriculture	458,659	-	-	-	-	458,659	-	-	-	458,659
Income generation	82,507	-	-	-	-	82,507	-	-	-	82,507
Health	1,216,829	-	-	-	-	1,216,829	-	-	-	1,216,829
HIV/AIDS awareness and prevention	80,129	-	-	-	-	80,129	-	-	-	80,129
Literacy	366,975	-	-	-	-	366,975	-	-	-	366,975
Community development	1,385,076	-	-	-	-	1,385,076	-	-	-	1,385,076
Small business development	19,321	-	-	-	-	19,321	-	-	-	19,321
Diaconal development	73,653	-	-	-	-	73,653	-	-	-	73,653
Justice	132,069	-	-	-	-	132,069	-	-	-	132,069
Disaster relief and food security	-	5,336,233	-	-	7,672,674	13,008,907	-	-	-	13,008,907
Organizational capacity development	178,572	-	-	-	-	178,572	-	-	-	178,572
Environment	3,942	-	-	-	-	3,942	-	-	-	3,942
Water projects	212	-	-	-	-	212	-	-	-	212
Other	212,498	8,147	-	-	-	220,645	-	-	-	220,645
Miscellaneous	123,395	278,460	-	(16,372)	-	385,483	-	-	-	385,483
<b>Total field costs</b>	<b>5,932,988</b>	<b>6,321,228</b>	<b>-</b>	<b>(16,372)</b>	<b>7,672,674</b>	<b>19,910,518</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,910,518</b>
<b>Total expenses</b>	<b>\$ 7,683,388</b>	<b>\$ 7,839,572</b>	<b>\$ 108,482</b>	<b>\$ 585,402</b>	<b>\$ 7,672,674</b>	<b>23,889,518</b>	<b>\$ 1,462,184</b>	<b>\$ 1,143,642</b>	<b>2,605,826</b>	<b>\$ 26,495,344</b>

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

**World Renew**  
**Statement of Changes in Net Assets**

**For the year ended June 30**

	<b>Operating</b>	<b>Board Designated</b>	<b>CFGB</b>	<b>Total</b>
<b>Balance as at June 30, 2014</b>	<b>\$ 1,601,407</b>	<b>\$ 2,123,532</b>	<b>\$ 1,586,576</b>	<b>\$ 5,311,515</b>
Excess (deficiency) of revenue over expenses	(2,594,286)	972,353	(41,889)	(1,663,822)
Transfers- Joseph Fund	330,277	(330,277)	-	-
- Village Savings and Loan Fund	28,619	(28,619)	-	-
<b>Balance as at June 30, 2015</b>	<b>(633,983)</b>	<b>2,736,989</b>	<b>1,544,687</b>	<b>3,647,693</b>
Excess (deficiency) of revenue over expenses	425,952	614,606	(412,808)	627,750
Transfers- Joseph Fund	345,184	(345,184)	-	-
- Village Savings and Loan Fund	42,761	(42,761)	-	-
<b>Balance as at June 30, 2016</b>	<b>\$ 179,914</b>	<b>\$ 2,963,650</b>	<b>\$ 1,131,879</b>	<b>\$ 4,275,443</b>

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

## World Renew Statement of Cash Flows

<b>For the year ended June 30</b>	<b>2016</b>	<b>2015</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses for the year	\$ 627,750	\$ (1,663,822)
Adjustments to reconcile excess (deficiency) of revenue over expenses to net cash provided by operating activities		
Amortization of capital assets	3,464	8,487
Loss on disposal of capital assets	-	3,906
Unrealized foreign exchange loss on due to related party	107,013	256,850
Changes in non-cash working capital balances		
Accounts receivable	(193,672)	(45,236)
Prepaid expenses	(6,034)	(7,202)
Field advances	(347,601)	238,151
Due from related party	211,519	(2,244,886)
Accounts payable and accrued liabilities	20,737	12,644
Due to related party	(921,517)	(1,286,318)
Deferred contributions	(545,114)	(1,196,700)
	<u>(1,043,455)</u>	<u>(5,924,126)</u>
<b>Investing activities</b>		
Decrease in investment in CFGB	412,808	41,889
Proceeds from sale of capital assets	-	20,000
Purchase of capital assets	-	(3,430)
	<u>412,808</u>	<u>58,459</u>
<b>Net decrease in cash</b>	<b>(630,647)</b>	<b>(5,865,667)</b>
<b>Cash, beginning of year</b>	<b>7,772,141</b>	<b>13,637,808</b>
<b>Cash, end of year</b>	<b>\$ 7,141,494</b>	<b>\$ 7,772,141</b>

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

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# World Renew Notes to Financial Statements

**June 30, 2016**

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## 1. Significant Accounting Policies

### **Nature of Organization**

World Renew operates under the direction of the Synod of the Christian Reformed Church in North America. World Renew is incorporated under the Canada Not-for-Profit Corporations Act as a not-for-profit corporation without share capital and is a registered charity under the Income Tax Act. The purpose of World Renew is to provide programs to aid developing countries and disaster relief, where necessary.

World Renew administers its overseas work in association with World Renew of the United States of America ("World Renew USA"), a Michigan non-profit corporation, and World Renew International, through a joint ministry agreement which they have established. World Renew accounts for its proportionate share of shared costs incurred by the joint ministry.

### **Basis of Accounting**

The financial statements of World Renew have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

### **Fund Accounting**

World Renew follows the Restricted Fund method of accounting. World Renew ensures, as part of its fiduciary responsibilities, all funds received with a restricted purpose are expensed for that purpose.

For financial reporting purposes, the accounts have been classified into the following funds:

- (i) The Operating Fund accounts for World Renew's program delivery and administrative activities. This Fund reports unrestricted donations and restricted donations that do not have a separate restricted fund presented.
- (ii) The Board Designated Fund includes the Joseph Fund, the Village Savings and Loan Fund and the Grants Reserve Fund.

Non-designated estate gifts received in any given year are placed in the Joseph Fund. These funds, coupled with specifically designated Joseph Fund gifts, represent the Joseph Fund. The Joseph Fund releases funds into general operations over a period of seven years, 10% in year one and 15% in each of the remaining six years. During the year, gifts of \$402,476 (2015 - \$644,513) were made to the Joseph Fund and recognized as contribution revenue. During the year, \$345,184 (2015 - \$330,277) was transferred to the Operating Fund via an interfund transfer.

The Village Savings and Loan Fund consists of specifically designated gifts. Funds are released into general operations when certain program criteria are met over a period of fifteen years, at the rate of approximately 6.67%. During the year, gifts of \$212,130 (2015 - \$327,840) were made to the Village Savings and Loan Fund and recognized as contribution revenue. During the year, \$42,761 (2015 - \$28,619) was transferred to the Operating Fund via an interfund transfer.

- (iii) The CFGB Fund reports the assets, revenue and expenses relating to the Canadian Foodgrains Bank Association Inc. ("CFGB").

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# World Renew Notes to Financial Statements

**June 30, 2016**

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## **1. Significant Accounting Policies (Continued)**

### **Revenue Recognition**

Contributions are recorded as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Due to the difficulty in determining their value and in that they would otherwise not have been purchased, contributed materials and services are not recognized in the financial statements.

Government contributions and other significant institutional grants are recorded as deferred revenue when the contribution is awarded and revenue is recognized as the requisite program expenses are incurred.

### **Capital Assets**

Capital assets are recorded at cost less accumulated amortization. Amortization is provided over the estimated useful life using the straight-line basis as follows:

Computer equipment	-	3 years
Office equipment	-	10 years

### **Program Service Expenses**

Program expenses paid through World Renew USA, an affiliated organization, are expensed when invoiced from that organization. Salaries for program expenses paid directly by World Renew are recorded as the costs are incurred.

Other program expenses for non-domestic programs are expensed when the funds are spent in the field for program purposes.

Domestic program expenses are recorded as the costs are incurred.

### **Allocation of Support Services**

World Renew's principal activity is to provide services for five major programs: overseas development, disaster relief, domestic development, education and justice and Canadian Foodgrains Bank Association Inc. ("CFGB"). The costs of each include the salaries, benefits, home office costs and field costs. All allocations are based on an estimate of time in each function.

World Renew also incurs support services that are common to more than one program or department. There are two major categories of support services, namely management and general, and resource development. Resource development consists of the following departments: general communications, major donors, church relations, missionary program partner and communications.

50% of the expenses incurred in certain resource development departments is allocated to the education and justice program. These resource development departments are church relations, missionary program partner and communications.

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## World Renew Notes to Financial Statements

**June 30, 2016**

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### **1. Significant Accounting Policies (Continued)**

#### **Foreign Currency Translation**

At the transaction date, each asset, liability, revenue and expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date and the resulting foreign exchange gains and losses are included in income in the current period. Foreign exchange gains of \$9,351 (2015 - \$100,769) are included in management and general support service expenses. Unrealized foreign exchange losses of \$107,013 (2015 - \$256,850) are included within the program services expenses.

As at June 30, 2016, there was \$30,132 (2015 - \$1,143,262) denominated in US dollars included in cash and \$473,874 (2015 - \$1,288,378) denominated in US dollars due to World Renew USA.

#### **Pension Plan**

World Renew maintains a defined contribution pension plan for unordained employees. Contributions are recognized as an expense in the year to which they relate.

#### **Use of Estimates**

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates, as additional information becomes available in the future.

#### **Financial Instruments**

Financial instruments are recorded at fair value when acquired. All investments have been designated to be in the fair value category, with investment income reported in operations. All other financial instruments are subsequently reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

#### **Income Taxes**

No provision for income taxes is required as World Renew is exempt from income taxes under the Income Tax Act.

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### **2. Field Advances**

Field advances are due on demand and 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.

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## World Renew Notes to Financial Statements

**June 30, 2016**

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### 3. Related Party Balances and Transactions

The following table summarizes the amounts due from (to) related parties, which are organizations related through common control:

	<u>2016</u>	<u>2015</u>
<b>Due from related party</b>		
Due from The Christian Reformed Church in North America - Canada Corporation	<u>\$ 2,235,269</u>	<u>\$ 2,446,788</u>
<b>Due to related party</b>		
Due to World Renew USA	<u>\$ (473,874)</u>	<u>\$ (1,288,378)</u>

The amounts due from (to) related parties are unsecured, non-interest-bearing and have no fixed terms of repayment.

World Renew is affiliated with World Renew USA and certain field projects are jointly funded. Payables to or receivables from World Renew USA result depending upon the original funding sources and availability of funds for the joint field projects. During the year, in connection with the joint field projects, \$1,465,270 (2015 - \$2,248,971) of expenses were allocated to World Renew from World Renew USA, and \$2,899,057 (2015 - \$2,578,413) of expenses were allocated from World Renew to World Renew USA.

World Renew also paid \$1,271,702 (2015 - \$1,021,031) to the Christian Reformed Church in North America - Canada Corporation for management and support services.

These transactions were made in the normal course of business and have been recorded in appropriate expense accounts at the exchange amounts.

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### 4. Canadian Foodgrains Bank Association Inc.

World Renew is one of fifteen partners in the Canadian Foodgrains Bank Association Inc. ("CFGB"). CFGB, with support from its partners and Global Affairs Canada (formerly the Department of Foreign Affairs, Trade and Development), provides support to developing countries.

The investment in CFGB represents residual funds held by CFGB for World Renew. The balance and results of operations related to CFGB were recorded from the audited March 31, 2016 financial statements of CFGB.

As part of the operating agreement, should World Renew ever cease to be a member, the balance with CFGB would remain with the CFGB and would be directed towards an approved program and/or a standing partner of CFGB.

**World Renew**  
**Notes to Financial Statements**

**June 30, 2016**

**5. Capital Assets**

	<b>2016</b>		<b>2015</b>	
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Cost</b>	<b>Accumulated Amortization</b>
Computer equipment	\$ 1,385	\$ 730	\$ 1,385	\$ 268
Office equipment	62,441	57,594	62,441	54,592
	<b>\$ 63,826</b>	<b>\$ 58,324</b>	<b>\$ 63,826</b>	<b>\$ 54,860</b>
Net book value		<b>\$ 5,502</b>		<b>\$ 8,966</b>

**6. Deferred Contributions**

Deferred contributions represent funds for specific development and disaster relief programs in excess of expenses incurred on these programs.

	<b>2016</b>	<b>2015</b>
Balance, beginning of year	\$ 7,314,244	\$ 8,510,944
Amounts recognized as revenue in the year	(9,359,436)	(12,221,451)
Amounts received related to ongoing projects	8,814,322	11,024,751
Balance, end of year	<b>\$ 6,769,130</b>	<b>\$ 7,314,244</b>



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## World Renew Notes to Financial Statements

**June 30, 2016**

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### 7. Government Contributions

World Renew receives contributions from Global Affairs Canada (formerly the Department of Foreign Affairs, Trade and Development). The following schedule outlines the contributions awarded and the revenue recognized in the year:

	2016	2015
Global Affairs Canada:		
Bangladesh	\$ 222,208	\$ 242,660
Honduras	218,100	176,696
Malawi	-	87,461
Mali	207,152	191,018
Mozambique	128,979	68,166
Nigeria	146,696	183,318
Senegal	214,002	195,167
Tanzania	117,626	144,443
	1,254,763	1,288,929
Canadian program administration	183,037	119,893
Administration overhead allocation	172,535	171,187
	\$ 1,610,335	\$ 1,580,009

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### 8. Credit Facility

The Board has authorized the use of agency funds, on deposit with its banker and incorporated in the cash management system, as collateral for borrowing of the Christian Reformed Church in North America. No amount has been drawn upon this credit facility as at June 30, 2016 (2015 - \$Nil).

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### 9. Pension Plans

Unordained employees of the Christian Reformed Church are covered by a group registered retirement savings plan, under which World Renew contributes a specified percentage of its employees' base salary. During the year ended June 30, 2016, the contributions to the plan were \$245,908 (2015 - \$232,870).

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## World Renew Notes to Financial Statements

**June 30, 2016**

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### **10. Financial Instrument Risks**

#### **Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. World Renew is exposed to credit risk resulting from the possibility that a counterparty to a financial instrument defaults on their financial obligations. World Renew's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivable, field advances and due from related party. This risk has not changed from the prior year.

#### **Currency Risk**

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. A significant portion of World Renew's expenses is made in foreign countries. World Renew is exposed to foreign exchange fluctuations to the extent that these purchases are denominated in U.S. dollars, and World Renew does not engage in derivative activities to hedge these exposures. World Renew's financial instruments that are exposed to currency risk relate primarily to its cash and due to related party. This risk has not changed from the prior year.

#### **Liquidity Risk**

Liquidity risk is the risk that World Renew encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, World Renew will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from World Renew's accounts payable and accrued liabilities and due to related party. This risk has not changed from the prior year.

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**World Renew**

**Schedule of Overseas Development Programs Expenses**

<b>For the year ended June 30</b>	<b>2016</b>	<b>2015</b>
Bangladesh	\$ 759,420	\$ 671,262
Cambodia	999,894	1,003,398
Development Team	425,254	351,177
East Africa Ministry Team	98,662	301,432
Ecuador	-	2,273
Guatemala	5,127	104,485
Haiti	147,697	242,103
Honduras	818,636	581,101
India	-	14,047
Kenya	62,164	646,323
Laos	1,017,415	847,977
Malawi	185,017	225,531
Mali	485,182	415,208
Mozambique	291,024	214,399
Nicaragua	191,012	139,072
Niger	1,322	135,478
Nigeria	381,101	452,751
Senegal	367,453	317,281
Sierra Leone	30,017	24,055
Southern Africa Ministry Team	118,958	169,736
Tanzania	358,213	356,913
Uganda	1,175	168,803
Zambia	235,673	298,583
	<b>\$ 6,980,416</b>	<b>\$ 7,683,388</b>

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**World Renew**  
**Schedule of Disaster Programs Expenses**

<b>For the year ended June 30</b>	<b>2016</b>	<b>2015</b>
Alberta Floods	\$ 208,374	\$ 650,384
Burma	17,820	-
Central African Republic	-	44,370
East Africa Regional Relief	60,846	58,357
Ebola Response	589	500,714
General North America	14,686	12,519
General Overseas	91,242	285,778
Haiti	67,403	10,803
Iraq	561,233	756,106
Japan - Pacific Tsunami	291,702	368,844
Nepal Earthquake Response	1,020,650	93,664
Pakistan	-	79,422
Philippines	1,438,482	3,252,898
Rapid Response	-	29,757
Relief Team	859,673	1,265,486
South Asia	17,365	28,280
South Sudan	260,616	156,145
Spring Storms	1,027	63,558
Syria	30,686	137,336
West Africa Drought	10,532	45,151
	<b>\$ 4,952,926</b>	<b>\$ 7,839,572</b>

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