

World Renew
(Incorporated in Canada)
Financial Statements
For the year ended June 30, 2015

World Renew
Financial Statements
For the year ended June 30, 2015

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Independent Auditor's Report

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, 2015, 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, 2015 and 2014, current assets as at June 30, 2015 and 2014 and net assets as at July 1 and June 30 for both the 2015 and 2014 years. Our audit opinion on the financial statements for the year ended June 30, 2014 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, 2015, 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 13, 2015

**World Renew
Statement of Financial Position**

June 30, 2015

	Operating	Board Designated	CFGB	Total
Assets				
Current				
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
	<u>8,617,005</u>	<u>2,736,989</u>	<u>-</u>	<u>11,353,994</u>
Investment in CFGB (Note 4)	-	-	1,544,687	1,544,687
Capital assets (Note 5)	8,966	-	-	8,966
	<u>\$ 8,625,971</u>	<u>\$ 2,736,989</u>	<u>\$ 1,544,687</u>	<u>\$ 12,907,647</u>

Liabilities

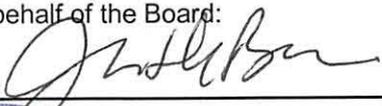
Current

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
	<u>9,259,954</u>	<u>-</u>	<u>-</u>	<u>9,259,954</u>

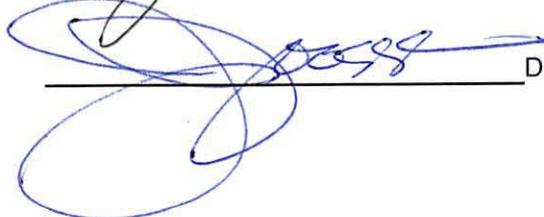
Net Assets

Operating	(633,983)	-	-	(633,983)
Restricted				
Board designated	-	2,736,989	-	2,736,989
CFGB (Note 4)	-	-	1,544,687	1,544,687
	<u>(633,983)</u>	<u>2,736,989</u>	<u>1,544,687</u>	<u>3,647,693</u>
	<u>\$ 8,625,971</u>	<u>\$ 2,736,989</u>	<u>\$ 1,544,687</u>	<u>\$ 12,907,647</u>

On behalf of the Board:



Director



Director

World Renew Statement of Financial Position

June 30, 2014

	Operating	Board Designated	CFGB	Total
Assets				
Current				
Cash	\$ 11,514,276	\$ 2,123,532	\$ -	\$ 13,637,808
Accounts receivable	15,765	-	-	15,765
Field advances (Note 2)	1,305,013	-	-	1,305,013
Due from related party (Note 3)	201,902	-	-	201,902
	<u>13,036,956</u>	<u>2,123,532</u>	<u>-</u>	<u>15,160,488</u>
Investment in CFGB (Note 4)	-	-	1,586,576	1,586,576
Capital assets (Note 5)	37,929	-	-	37,929
	<u>\$ 13,074,885</u>	<u>\$ 2,123,532</u>	<u>\$ 1,586,576</u>	<u>\$ 16,784,993</u>
Liabilities				
Current				
Accounts payable and accrued liabilities	\$ 644,688	\$ -	\$ -	\$ 644,688
Due to related party (Note 3)	2,317,846	-	-	2,317,846
Deferred contributions (Note 6)	8,510,944	-	-	8,510,944
	<u>11,473,478</u>	<u>-</u>	<u>-</u>	<u>11,473,478</u>
Net Assets				
Operating	1,601,407	-	-	1,601,407
Restricted				
Board designated	-	2,123,532	-	2,123,532
CFGB (Note 4)	-	-	1,586,576	1,586,576
	<u>1,601,407</u>	<u>2,123,532</u>	<u>1,586,576</u>	<u>5,311,515</u>
	<u>\$ 13,074,885</u>	<u>\$ 2,123,532</u>	<u>\$ 1,586,576</u>	<u>\$ 16,784,993</u>

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
Revenue				
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
	<u>9,064,797</u>	<u>972,353</u>	<u>1,741,705</u>	<u>11,778,855</u>
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
	<u>16,228,384</u>	<u>972,353</u>	<u>7,630,785</u>	<u>24,831,522</u>
Expenses				
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
	<u>16,216,844</u>	<u>-</u>	<u>7,672,674</u>	<u>23,889,518</u>
Support services				
Resource development	1,462,184	-	-	1,462,184
Management and general	1,143,642	-	-	1,143,642
	<u>2,605,826</u>	<u>-</u>	<u>-</u>	<u>2,605,826</u>
	<u>18,822,670</u>	<u>-</u>	<u>7,672,674</u>	<u>26,495,344</u>
Excess (deficiency) of revenue over expenses	\$ (2,594,286)	\$ 972,353	\$ (41,889)	\$ (1,663,822)

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

World Renew Statement of Activities

For the year ended June 30, 2014

	Operating	Board Designated	CFGB	Total
Revenue				
Contributions				
Development programs	\$ 3,393,989	\$ -	\$ -	\$ 3,393,989
Disaster programs	3,786,810		2,086,789	5,873,599
Unspecified	2,824,342	611,847	-	3,436,189
	<u>10,005,141</u>	<u>611,847</u>	<u>2,086,789</u>	<u>12,703,777</u>
Other revenue				
Direct government contributions (Note 4 and 7)	1,482,179	-	4,837,177	6,319,356
Grants from others	3,888,400	-	-	3,888,400
Investment income and other	257,941	-	-	257,941
	<u>15,633,661</u>	<u>611,847</u>	<u>6,923,966</u>	<u>23,169,474</u>
Expenses				
Program services				
Overseas development (Page 18)	6,780,256	-	-	6,780,256
Disaster programs (Page 19)	6,095,876	-	-	6,095,876
Domestic development	85,499	-	-	85,499
Education and justice	489,508	-	-	489,508
CFGB (Note 4)	-	-	7,256,178	7,256,178
	<u>13,451,139</u>	<u>-</u>	<u>7,256,178</u>	<u>20,707,317</u>
Support services				
Resource development	1,209,382	-	-	1,209,382
Management and general	1,137,270	-	-	1,137,270
	<u>2,346,652</u>	<u>-</u>	<u>-</u>	<u>2,346,652</u>
	<u>15,797,791</u>	<u>-</u>	<u>7,256,178</u>	<u>23,053,969</u>
Excess (deficiency) of revenue over expenses	\$ (164,130)	\$ 611,847	\$ (332,212)	\$ 115,505

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
Expenses										
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
Total salaries and benefits	1,621,831	861,047	86,394	115,470	-	2,684,742	778,628	326,953	1,105,581	3,790,323
Home office costs										
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)	-
Total home office costs	128,569	657,297	22,088	486,304	-	1,294,258	683,556	816,689	1,500,245	2,794,503
Field Costs										
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
Objective costs										
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
Diagonal 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
Total field costs	5,932,988	6,321,228	-	(16,372)	7,672,674	19,910,518	-	-	-	19,910,518
Total expenses	\$ 7,683,388	\$ 7,839,572	\$ 108,482	\$ 585,402	\$ 7,672,674	\$ 23,889,518	\$ 1,462,184	\$ 1,143,642	2,605,826	\$ 26,495,344

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

World Renew Schedule of Functional Expenses

For the year ended June 30, 2014

	Program Services					Support Services				
	Overseas Development	Disaster Programs	Domestic Development	Education and Justice	CFGB	Total	Resource Development	Management and General	Total	Total
Expenses										
Salaries	\$ 1,128,127	\$ 655,084	\$ 50,549	\$ 63,632	\$ -	\$ 1,897,392	\$ 529,059	\$ 234,191	\$ 763,250	\$ 2,660,642
Employee benefits	365,391	145,999	11,436	16,744	-	539,570	118,017	49,551	167,568	707,138
Total salaries and benefits	1,493,518	801,083	61,985	80,376	-	2,436,962	647,076	283,742	930,818	3,367,780
Home office costs										
Operations	87,919	399,058	16,798	41,226	-	545,001	742,916	818,398	1,561,314	2,106,315
Printed materials	-	11,128	-	-	-	11,128	76,046	28	76,074	87,202
Travel	23,871	55,566	2,086	9,247	-	90,770	49,060	23,116	72,176	162,946
Facilities and equipment	6,330	12,660	4,220	2,110	-	25,320	18,990	11,089	30,079	55,399
Training/education	38,094	5,249	410	-	-	43,753	6,922	897	7,819	51,572
Promotional events and mailings	-	181	-	8	-	189	24,913	-	24,913	25,102
Allocation	-	-	-	356,541	-	356,541	(356,541)	-	(356,541)	-
Total home office costs	156,214	483,842	23,514	409,132	-	1,072,702	562,306	853,528	1,415,834	2,488,536
Field Costs										
Travel	353,457	255,300	-	-	-	608,757	-	-	-	608,757
Vehicle	159,384	(38,454)	-	-	-	120,930	-	-	-	120,930
Housing	260,189	30,600	-	-	-	290,789	-	-	-	290,789
Field office costs	162,734	62,797	-	-	-	225,531	-	-	-	225,531
Capital expenses	16,774	119,888	-	-	-	136,662	-	-	-	136,662
Training/education	99,663	-	-	-	-	99,663	-	-	-	99,663
Planning/consultation	13,544	-	-	-	-	13,544	-	-	-	13,544
Field staff costs	499,704	72,701	-	-	-	572,405	-	-	-	572,405
Objective costs										
Agriculture	282,015	-	-	-	-	282,015	-	-	-	282,015
Income generation	63,643	-	-	-	-	63,643	-	-	-	63,643
Health	1,026,989	-	-	-	-	1,026,989	-	-	-	1,026,989
HIV/AIDS awareness and prevention	29,700	-	-	-	-	29,700	-	-	-	29,700
Literacy	202,564	-	-	-	-	202,564	-	-	-	202,564
Community development	1,314,080	-	-	-	-	1,314,080	-	-	-	1,314,080
Small business development	8,063	-	-	-	-	8,063	-	-	-	8,063
Diaconal development	25,677	-	-	-	-	25,677	-	-	-	25,677
Justice	83,545	-	-	-	-	83,545	-	-	-	83,545
Disaster relief and food security	-	4,180,160	-	-	7,256,178	11,436,338	-	-	-	11,436,338
Organizational capacity development	147,047	-	-	-	-	147,047	-	-	-	147,047
Environment	3,882	-	-	-	-	3,882	-	-	-	3,882
Water projects	7,152	-	-	-	-	7,152	-	-	-	7,152
Other	225,130	49,000	-	-	-	274,130	-	-	-	274,130
Miscellaneous	145,588	78,959	-	-	-	224,547	-	-	-	224,547
Total field costs	5,130,524	4,810,951	-	-	7,256,178	17,197,653	-	-	-	17,197,653
Total expenses	\$ 6,780,256	\$ 6,095,876	\$ 85,499	\$ 489,508	\$ 7,256,178	20,707,317	\$ 1,209,382	\$ 1,137,270	2,346,652	\$ 23,053,969

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

	Operating	Board Designated	CFGB	Total
Balance as at June 30, 2013	\$ 2,282,761	\$ 994,461	\$ 1,918,788	\$ 5,196,010
Excess (deficiency) of revenue over expenses	(164,130)	611,847	(332,212)	115,505
Transfers- Joseph Fund	266,013	(266,013)	-	-
- Village Savings and Loan Fund	16,763	(16,763)	-	-
- Grants Reserve Fund	(800,000)	800,000	-	-
Balance as at June 30, 2014	1,601,407	2,123,532	1,586,576	5,311,515
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)	-	-
- Grants Reserve Fund	-	-	-	-
Balance as at June 30, 2015	\$ (633,983)	\$ 2,736,989	\$ 1,544,687	\$ 3,647,693

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

World Renew Statement of Cash Flows

For the year ended June 30	2015	2014
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ (1,663,822)	\$ 115,505
Adjustments to reconcile excess (deficiency) of revenue over expenses to net cash provided by operating activities		
Amortization of capital assets	8,487	7,916
Loss on disposal of capital assets	3,906	-
Changes in non-cash working capital balances		
Accounts receivable	(45,236)	138,590
Prepaid expenses	(7,202)	4,097
Field advances	238,151	(396,990)
Due from related party	(2,244,886)	(201,902)
Accounts payable and accrued liabilities	12,644	73,007
Due to related party	(1,029,468)	1,599,717
Deferred contributions	(1,196,700)	3,590,603
	(5,924,126)	4,930,543
Investing activities		
Decrease in investment in CFGB	41,889	332,212
Proceeds from sale of capital assets	20,000	-
Purchase of capital assets	(3,430)	(34,130)
	58,459	298,082
Net increase (decrease) in cash	(5,865,667)	5,228,625
Cash, beginning of year	13,637,808	8,409,183
Cash, end of year	\$ 7,772,141	\$ 13,637,808

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

World Renew

Notes to Financial Statements

June 30, 2015

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.

World Renew has agreed that non-designated estate gifts received in any given year will be 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 \$644,513 (2014 - \$565,822) were made to the Joseph Fund and recognized as contribution revenue. During the year, \$330,277 (2014 - \$266,013) was transferred to the Operating Fund via an interfund transfer.

The Village Savings and Loan Fund consists of specifically designated gifts, and releases funds into general operations for items meeting certain program criteria over a period of fifteen years at the rate of approximately 6.67%. During the year, gifts of \$327,840 (2014 - \$46,025) were made to the Village Savings and Loan Fund and recognized as contribution revenue. During the year, \$28,619 (2014 - \$16,763) was transferred to the Operating Fund via an interfund transfer.

The Grants Reserve Fund has been established as a contingency fund should significant Department of Foreign Affairs, Trade and Development (DFATD) contributions not be realized in future years. During the year, the Board designated \$Nil (2014 - \$800,000) to the Grants Reserve Fund, which has been recorded via an interfund transfer.

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

World Renew

Notes to Financial Statements

June 30, 2015

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
Vehicle	-	5 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.

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.

World Renew

Notes to Financial Statements

June 30, 2015

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 \$100,769 (2014 - \$20,396) are included in management and general support service expenses.

As at June 30, 2015, there was \$1,143,262 (2014 - \$1,432,995) denominated in US dollars included in cash.

Pension Plan

World Renew maintains a defined contribution pension plan for unordained employees.

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 financial instruments are 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 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.

2. 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.

World Renew Notes to Financial Statements

June 30, 2015

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>2015</u>	<u>2014</u>
Due from related party		
Due from The Christian Reformed Church in North America - Canada Corporation	<u>\$ 2,446,788</u>	<u>\$ 201,902</u>
Due to related party		
Due to World Renew USA	<u>\$ (1,288,378)</u>	<u>\$ (2,317,846)</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, \$2,248,971 (2014 - \$958,416) of expenses were allocated to World Renew from World Renew USA, and \$2,578,413 (2014 - \$1,285,152) of expenses were allocated from World Renew to World Renew USA.

World Renew also paid \$1,021,031 (2014 - \$999,860) 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.

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 the Department of Foreign Affairs, Trade and Development (formerly the Canadian International Development Agency), 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, 2015 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, 2015

5. Capital Assets

	2015		2014	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 1,385	\$ 268	\$ -	\$ -
Office equipment	62,441	54,592	62,794	54,010
Vehicle	-	-	34,943	5,798
	63,826	54,860	97,737	59,808
Net book value		\$ 8,966		\$ 37,929

6. Deferred Contributions

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

	2015	2014
Balance, beginning of year	\$ 8,510,944	\$ 4,920,341
Amounts recognized as revenue in the year	(12,221,451)	(10,724,553)
Amounts received related to ongoing projects	11,024,751	14,315,156
Balance, end of year	\$ 7,314,244	\$ 8,510,944

World Renew Notes to Financial Statements

June 30, 2015

7. Government Contributions

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

	2015	2014
Department of Foreign Affairs, Trade and Development		
Bangladesh	\$ 242,660	\$ 225,208
Cambodia	-	9,236
Honduras	176,696	197,652
Malawi	87,461	94,331
Mali	191,018	176,405
Mozambique	68,166	114,691
Nigeria	183,318	143,865
Senegal	195,167	181,860
Tanzania	144,443	96,415
	1,288,929	1,239,663
Canadian program administration	119,893	78,354
Administration overhead allocation	171,187	164,162
	\$ 1,580,009	\$ 1,482,179

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, 2015.

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, 2015, the contributions to the plan were \$232,870 (2014 - \$196,903).

World Renew

Notes to Financial Statements

June 30, 2015

10. Financial Instruments

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 related 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 the Organization'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 does not engage in derivative activities to hedge these exposures. This risk has not changed from the prior year.

11. Comparative Figures

Certain of the comparative amounts have been reclassified to conform to the current year's presentation.

World Renew

Schedule of Overseas Development Programs Expenses

For the year ended June 30	2015	2014
Asia Ministry Team	\$ -	\$ 7,092
Bangladesh	671,262	583,101
Cambodia	1,003,398	815,780
Development Team	351,177	404,903
East Africa Ministry Team	301,432	284,443
Ecuador	2,273	-
Guatemala	104,485	67,343
Haiti	242,103	145,741
Honduras	581,101	710,274
India	14,047	11,305
Kenya	646,323	424,838
Latin America Ministry Team	-	3,411
Laos	847,977	654,409
Malawi	225,531	219,673
Mali	415,208	387,767
Mozambique	214,399	270,151
Nicaragua	139,072	231,196
Niger	135,478	131,927
Nigeria	452,751	283,548
Senegal	317,281	284,822
Sierra Leone	24,055	21,195
Southern Africa Ministry Team	169,736	173,126
Tanzania	356,913	359,197
Uganda	168,803	144,595
Zambia	298,583	160,419
	\$ 7,683,388	\$ 6,780,256

World Renew Schedule of Disaster Programs Expenses

For the year ended June 30	2015	2014
Alberta Floods	\$ 650,384	\$ 325,946
Central African Republic	44,370	-
East Africa Drought	-	554,739
East Africa Regional Relief	58,357	74,594
Ebola Response	500,714	-
General North America	12,519	145,685
General Overseas	285,778	9,037
Haiti	10,803	389,621
Iraq	756,106	-
Japan - Pacific Tsunami	368,844	345,534
Madagascar	-	21,340
Nepal Earthquake Response	93,664	-
Pakistan	79,422	266,190
Philippines	3,252,898	1,263,188
Rapid Response	29,757	-
Relief Team	1,265,486	1,066,730
South Asia Tsunami	28,280	-
South Sudan	156,145	170,290
Spring Storms	63,558	-
Syria	137,336	1,270,003
West Africa Drought	45,152	192,979
	\$ 7,839,573	\$ 6,095,876