



World Renew

Financial Statements and Supplementary Information Years Ended June 30, 2019 and 2018

World Renew

Financial Statements and Supplementary Information
Years Ended June 30, 2019 and 2018

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, 2019 and 2018, 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, 2019 and 2018, 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.

BDO USA, LLP

October 29, 2019

Financial Statements

World Renew

Statements of Financial Position

<i>June 30, 2019</i>	Without Donor Restrictions			With Donor Restrictions	Total
	Operating	Designated	Total		
Assets					
Cash and cash equivalents	\$ 2,712,734	\$ 7,913,190	\$ 10,625,924	\$ 7,061,228	\$ 17,687,152
Investments held by CRCNA Funds, LLC	8,888,628	-	8,888,628	-	8,888,628
Other investments	29,535	-	29,535	-	29,535
Field advances	241,751	-	241,751	-	241,751
Due from Christian Reformed Church in North America	12,832	-	12,832	-	12,832
Due from other Christian Reformed Church in North America agencies	9,496	-	9,496	-	9,496
Pledges and grants receivable	617,914	-	617,914	35,705	653,619
Interest and other receivables	58,502	-	58,502	-	58,502
Prepaid expenses	291,573	-	291,573	-	291,573
Beneficial interest in assets held by Barnabas Foundation	-	-	-	5,502,803	5,502,803
Construction in progress	56,528	-	56,528	-	56,528
Property and equipment	840,517	-	840,517	155,206	995,723
Less accumulated depreciation	(514,486)	-	(514,486)	(56,250)	(570,736)
Total Assets	\$ 13,245,524	\$ 7,913,190	\$ 21,158,714	\$ 12,698,692	\$ 33,857,406
Liabilities and Net Assets					
Liabilities					
Accounts payable and accrued expenses	\$ 421,607	\$ -	\$ 421,607	\$ -	\$ 421,607
Due to other Christian Reformed Church in North America agencies	117,173	-	117,173	-	117,173
Due to World Renew in Canada	59,040	-	59,040	-	59,040
Annuities payable	142,106	-	142,106	-	142,106
Overseas severance accrual	122,026	-	122,026	-	122,026
Total Liabilities	861,952	-	861,952	-	861,952
Net Assets					
Without donor restrictions	12,383,572	7,913,190	20,296,762	-	20,296,762
With donor restrictions	-	-	-	12,698,692	12,698,692
Total Net Assets	12,383,572	7,913,190	20,296,762	12,698,692	32,995,454
Total Liabilities and Net Assets	\$ 13,245,524	\$ 7,913,190	\$ 21,158,714	\$ 12,698,692	\$ 33,857,406

See accompanying notes to financial statements.

World Renew

Statements of Financial Position

<i>June 30, 2018</i>	Without Donor Restrictions			With Donor Restrictions	Total
	Operating	Designated	Total		
Assets					
Cash and cash equivalents	\$ 2,023,653	\$ 5,225,019	\$ 7,248,672	\$ 6,676,798	\$ 13,925,470
Investments held by CRCNA Funds, LLC	8,445,722	-	8,445,722	-	8,445,722
Other investments	32,697	-	32,697	-	32,697
Field advances	265,109	-	265,109	-	265,109
Due from Christian Reformed Church in North America	13,031	1,000,000	1,013,031	-	1,013,031
Due from other Christian Reformed Church in North America agencies	9,922	-	9,922	-	9,922
Pledges and grants receivable	4,188	-	4,188	263,987	268,175
Interest and other receivables	54,330	-	54,330	-	54,330
Prepaid expenses	127,263	-	127,263	-	127,263
Beneficial interest in assets held by Barnabas Foundation	-	-	-	4,451,298	4,451,298
Construction in progress	33,255	-	33,255	-	33,255
Property and equipment	751,499	-	751,499	155,206	906,705
Less accumulated depreciation	(467,099)	-	(467,099)	(54,450)	(521,549)
Total Assets	\$ 11,293,570	\$ 6,225,019	\$ 17,518,589	\$ 11,492,839	\$ 29,011,428
Liabilities and Net Assets					
Liabilities					
Accounts payable and accrued expenses	\$ 342,027	\$ -	\$ 342,027	\$ -	\$ 342,027
Due to other Christian Reformed Church in North America agencies	72,633	-	72,633	-	72,633
Due to World Renew in Canada	6,030	-	6,030	-	6,030
Annuities payable	90,637	-	90,637	-	90,637
Overseas severance accrual	118,856	-	118,856	-	118,856
Total Liabilities	630,183	-	630,183	-	630,183
Net Assets					
Without donor restrictions	10,663,387	6,225,019	16,888,406	-	16,888,406
With donor restrictions	-	-	-	11,492,839	11,492,839
Total Net Assets	10,663,387	6,225,019	16,888,406	11,492,839	28,381,245
Total Liabilities and Net Assets	\$ 11,293,570	\$ 6,225,019	\$ 17,518,589	\$ 11,492,839	\$ 29,011,428

See accompanying notes to financial statements.

World Renew

Statements of Activities

<i>Year ended June 30, 2019</i>	Without Donor Restrictions			With Donor Restrictions	Total
	Operating	Designated	Total		
Revenues and Other Support					
Contributions - churches and individuals:					
Development programs	\$ 1,186,844	\$ -	\$ 1,186,844	\$ 1,075,408	\$ 2,262,252
Disaster programs	-	-	-	2,022,665	2,022,665
Donated services for disaster programs	1,327,713	-	1,327,713	-	1,327,713
Unspecified	5,498,679	3,670,130	9,168,809	575,759	9,744,568
Total contributions - churches and individuals	8,013,236	3,670,130	11,683,366	3,673,832	15,357,198
Other revenues:					
Grants from others	119,372	-	119,372	893,937	1,013,309
Investment income, net	637,998	-	637,998	-	637,998
Net assets released from restrictions	4,413,421	-	4,413,421	(4,413,421)	-
Net assets released from designations	1,981,959	(1,981,959)	-	-	-
Total Revenues and Other Support	15,165,986	1,688,171	16,854,157	154,348	17,008,505
Expenses					
Program services:					
Overseas development	6,244,000	-	6,244,000	-	6,244,000
Disaster programs	3,861,753	-	3,861,753	-	3,861,753
Domestic development	100,617	-	100,617	-	100,617
Education and justice	957,749	-	957,749	-	957,749
Total program services	11,164,119	-	11,164,119	-	11,164,119
Support services:					
Fundraising	1,556,467	-	1,556,467	-	1,556,467
Management and general	725,215	-	725,215	-	725,215
Total support services	2,281,682	-	2,281,682	-	2,281,682
Total Expenses	13,445,801	-	13,445,801	-	13,445,801
Changes in net assets before beneficial interest	1,720,185	1,688,171	3,408,356	154,348	3,562,704
Change in Beneficial Interest in Assets Held by Barnabas Foundation					
Contributions to the beneficial interest	-	-	-	1,500,000	1,500,000
Contributions from the beneficial interest	-	-	-	(627,391)	(627,391)
Change in net assets in the beneficial interest	-	-	-	178,896	178,896
Total Change in Beneficial Interest in Assets Held by Barnabas Foundation	-	-	-	1,051,505	1,051,505
Changes in Net Assets	\$ 1,720,185	\$ 1,688,171	\$ 3,408,356	\$ 1,205,853	\$ 4,614,209

See accompanying notes to financial statements.

World Renew

Statements of Activities

<i>Year ended June 30, 2018</i>	Without Donor Restrictions			With Donor Restrictions	Total
	Operating	Designated	Total		
Revenues and Other Support					
Contributions - churches and individuals:					
Development programs	\$ 1,696,328	\$ -	\$ 1,696,328	\$ 827,127	\$ 2,523,455
Disaster programs	-	-	-	5,886,366	5,886,366
Donated services for disaster programs	1,183,726	-	1,183,726	-	1,183,726
Unspecified	4,876,210	975,396	5,851,606	291,985	6,143,591
Total contributions - churches and individuals	7,756,264	975,396	8,731,660	7,005,478	15,737,138
Other revenues:					
Grants from others	-	-	-	714,298	714,298
Investment income, net	648,867	-	648,867	-	648,867
Net assets released from restrictions	3,851,771	-	3,851,771	(3,851,771)	-
Net assets released from designations	1,865,302	(1,865,302)	-	-	-
Total Revenues and Other Support	14,122,204	(889,906)	13,232,298	3,868,005	17,100,303
Expenses					
Program services:					
Overseas development	6,021,248	-	6,021,248	-	6,021,248
Disaster programs	3,173,847	-	3,173,847	-	3,173,847
Domestic development	108,520	-	108,520	-	108,520
Education and justice	1,494,326	-	1,494,326	-	1,494,326
Total program services	10,797,941	-	10,797,941	-	10,797,941
Support services:					
Fundraising	1,647,785	-	1,647,785	-	1,647,785
Management and general	692,421	-	692,421	-	692,421
Total support services	2,340,206	-	2,340,206	-	2,340,206
Total Expenses	13,138,147	-	13,138,147	-	13,138,147
Changes in net assets before beneficial interest	984,057	(889,906)	94,151	3,868,005	3,962,156
Change in Beneficial Interest in Assets Held by Barnabas Foundation					
Contributions to the beneficial interest	-	-	-	1,500,000	1,500,000
Contributions from the beneficial interest	-	-	-	(588,078)	(588,078)
Change in net assets in the beneficial interest	-	-	-	299,025	299,025
Total Change in Beneficial Interest in Assets Held by Barnabas Foundation	-	-	-	1,210,947	1,210,947
Changes in Net Assets	\$ 984,057	\$ (889,906)	\$ 94,151	\$ 5,078,952	\$ 5,173,103

See accompanying notes to financial statements.

World Renew

Statements of Functional Expenses

<i>Year ended June 30, 2019</i>	Program Services					Support Services			
	Overseas Development	Disaster Programs	Domestic Development	Education and Justice	Total	Fundraising	Management and General	Total	Total
Expenses									
Salaries	\$ 1,312,781	\$ 508,897	\$ -	\$ 417,140	\$ 2,238,818	\$ 870,955	\$ 313,954	\$ 1,184,909	\$ 3,423,727
Employee benefits	510,711	218,491	-	160,436	889,638	332,441	116,032	448,473	1,338,111
Home office costs									
Operations	217,215	177,298	-	201,433	595,946	100,257	175,513	275,770	871,716
Printed materials	59	3,447	-	59,802	63,308	64,948	338	65,286	128,594
Travel	45,897	24,136	-	29,427	99,460	55,173	34,102	89,275	188,735
Facilities and equipment	54,434	136,399	-	64,015	254,848	100,706	50,546	151,252	406,100
Training/education	101,178	5,032	-	8,981	115,191	13,819	34,712	48,531	163,722
Promotional events and mailings	-	11,528	-	16,515	28,043	18,168	18	18,186	46,229
Total home office costs	418,783	357,840	-	380,173	1,156,796	353,071	295,229	648,300	1,805,096
Field costs									
Travel	314,038	414,348	617	-	729,003	-	-	-	729,003
Vehicle	126,327	49,134	-	-	175,461	-	-	-	175,461
Housing	273,404	148,626	-	-	422,030	-	-	-	422,030
Field office costs	265,853	41,478	-	-	307,331	-	-	-	307,331
Capital expenses	218,122	-	-	-	218,122	-	-	-	218,122
Training/education	146,014	3	-	-	146,017	-	-	-	146,017
National staff costs	755,496	1,327,713	-	-	2,083,209	-	-	-	2,083,209
Objective costs:									
Food production	687,241	-	-	-	687,241	-	-	-	687,241
Income generation	154,237	-	-	-	154,237	-	-	-	154,237
Health	270,456	-	-	-	270,456	-	-	-	270,456
HIV/AIDS awareness and prevention	28,156	-	-	-	28,156	-	-	-	28,156
Literacy	24,100	-	-	-	24,100	-	-	-	24,100
Community development	342,403	-	100,000	-	442,403	-	-	-	442,403
Diaconal development	18,708	-	-	-	18,708	-	-	-	18,708
Justice	270,174	-	-	-	270,174	-	-	-	270,174
Disaster relief	-	795,223	-	-	795,223	-	-	-	795,223
Other	106,996	-	-	-	106,996	-	-	-	106,996
Total field costs	4,001,725	2,776,525	100,617	-	6,878,867	-	-	-	6,878,867
Total Expenses	\$ 6,244,000	\$ 3,861,753	\$ 100,617	\$ 957,749	\$ 11,164,119	\$ 1,556,467	\$ 725,215	\$ 2,281,682	\$ 13,445,801

See accompanying notes to financial statements.

World Renew

Statements of Functional Expenses

<i>Year ended June 30, 2018</i>	Program Services					Support Services			
	Overseas Development	Disaster Programs	Domestic Development	Education and Justice	Total	Fundraising	Management and General	Total	Total
Expenses									
Salaries	\$ 1,134,730	\$ 475,758	\$ -	\$ 430,184	\$ 2,040,672	\$ 675,010	\$ 296,081	\$ 971,091	\$ 3,011,763
Employee benefits	488,766	175,543	-	152,050	816,359	226,822	107,866	334,688	1,151,047
Home office costs									
Operations	139,762	17,389	-	210,059	367,210	391,746	221,223	612,969	980,179
Printed materials	-	2,283	-	79,088	81,371	79,078	-	79,078	160,449
Travel	37,838	18,079	-	61,131	117,048	51,342	32,699	84,041	201,089
Facilities and equipment	51,493	123,024	-	77,138	251,655	91,637	32,577	124,214	375,869
Training/education	73,325	15,393	-	453,274	541,992	99,495	1,975	101,470	643,462
Promotional events and mailings	-	-	-	31,402	31,402	32,655	-	32,655	64,057
Total home office costs	302,418	176,168	-	912,092	1,390,678	745,953	288,474	1,034,427	2,425,105
Field costs									
Travel	278,211	221,064	3,154	-	502,429	-	-	-	502,429
Vehicle	138,654	16,670	-	-	155,324	-	-	-	155,324
Housing	251,809	173,837	-	-	425,646	-	-	-	425,646
Field office costs	260,956	22,314	-	-	283,270	-	-	-	283,270
Capital expenses	243,494	-	-	-	243,494	-	-	-	243,494
Training/education	118,632	1,374	649	-	120,655	-	-	-	120,655
National staff costs	685,437	1,183,726	4,717	-	1,873,880	-	-	-	1,873,880
Objective costs:									
Food production	683,816	-	-	-	683,816	-	-	-	683,816
Income generation	159,160	-	-	-	159,160	-	-	-	159,160
Health	277,649	-	-	-	277,649	-	-	-	277,649
HIV/AIDS awareness and prevention	100,578	-	-	-	100,578	-	-	-	100,578
Literacy	117,531	-	-	-	117,531	-	-	-	117,531
Community development	244,175	-	100,000	-	344,175	-	-	-	344,175
Diaconal development	15,270	-	-	-	15,270	-	-	-	15,270
Justice	290,986	-	-	-	290,986	-	-	-	290,986
Disaster relief	-	727,393	-	-	727,393	-	-	-	727,393
Other	228,976	-	-	-	228,976	-	-	-	228,976
Total field costs	4,095,334	2,346,378	108,520	-	6,550,232	-	-	-	6,550,232
Total Expenses	\$ 6,021,248	\$ 3,173,847	\$ 108,520	\$ 1,494,326	\$ 10,797,941	\$ 1,647,785	\$ 692,421	\$ 2,340,206	\$ 13,138,147

See accompanying notes to financial statements.

World Renew

Statements of Changes in Net Assets

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, July 1, 2017	\$ 16,794,255	\$ 6,413,887	\$ 23,208,142
Changes in net assets	94,151	5,078,952	5,173,103
Balance, June 30, 2018	16,888,406	11,492,839	28,381,245
Changes in net assets	3,408,356	1,205,853	4,614,209
Balance, June 30, 2019	\$ 20,296,762	\$ 12,698,692	\$ 32,995,454

See accompanying notes to financial statements.

World Renew

Statements of Cash Flows

<i>Year ended June 30,</i>	2019	2018
Cash Flows From (For) Operating Activities		
Changes in net assets	\$ 4,614,209	\$ 5,173,103
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Change in value of annuities	78,237	19,947
Depreciation	60,621	48,571
Net unrealized gain on investments	(236,907)	(337,639)
Net realized gain on sale of investments	-	(29,199)
Net change in beneficial interest in assets held by Barnabas Foundation	(1,051,505)	(1,210,947)
Net gain on sale of equipment	-	(8,454)
Changes in assets and liabilities:		
Field advances	23,358	(12,951)
Due to/from Christian Reformed Church of North America	1,000,199	(5,492)
Due to/from other Christian Reformed Church of North America agencies	44,966	9,063
Due to/from World Renew in Canada	53,010	(148,714)
Pledges and grants receivable	(385,444)	(30,420)
Interest and other receivables	(4,172)	(44,255)
Prepaid expenses	(164,310)	119,557
Accounts payable and accrued expenses	79,580	(44,476)
Overseas severance accrual	3,170	(102,493)
Net Cash From Operating Activities	4,115,012	3,395,201
Cash Flows From (For) Investing Activities		
Purchases of equipment	(123,725)	(104,309)
Proceeds from sale of equipment	-	12,680
Purchases of investments	(202,837)	(182,261)
Net Cash For Investing Activities	(326,562)	(273,890)
Cash Flows For Financing Activities		
Payments on annuity agreements	(26,768)	(28,286)
Net increase in cash and cash equivalents	3,761,682	3,093,025
Cash and Cash Equivalents, beginning of year	13,925,470	10,832,445
Cash and Cash Equivalents, end of year	\$ 17,687,152	\$ 13,925,470

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

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

- Revenues are reported as increases in net assets without donor restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulation. Expirations of net assets with donor restrictions (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 donor-imposed restrictions where the restrictions are met in the same year as the contribution is received are reported as revenues without donor restrictions.
- 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 years ended June 30, 2019 and 2018, \$1,981,959 and \$1,865,302, respectively, were released from designation and moved to operating net assets without donor restrictions.

World Renew

Notes to Financial Statements

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 cash on hand and estimated highly liquid financial instruments with original maturities of less than three months when purchased.

Concentrations of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents. The Organization places its cash and cash equivalents with high credit qualified institutions. At times, the amount of cash and cash equivalents may be in excess of the respective institutions' insurance limits. The Organization has not experienced any losses in such accounts, and management believes the Organization is not exposed to any unusual credit risk on cash and cash equivalents.

Investments

Investments are carried at fair value as determined by quoted market prices and other measurement inputs. See Notes 5 and 6 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.

Pledges and Grants Receivable

Pledges and Grants receivable consist of unconditional promises to give and are recorded in the year the promise is made. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows.

The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. The interest rate used in computing the discount of the estimated future cash flows was 1.59% for pledges received in 2019. The discount will be recognized as contributions revenue in future fiscal years as the discount is amortized over the duration of the contributions. An allowance for uncollectible contributions receivable is provided based on management's judgment, including such factors as prior collection history, subsequent collections, type of contribution, and nature of fundraising activity. Conditional promises to give are not included as revenue until the conditions are substantially met.

World Renew

Notes to Financial Statements

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.

Net Assets

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

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Trustees (the Board) and/or management for general operating purposes. From time to time, the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. The Board has designated a portion of net assets without donor restrictions as a quasi-term-endowment (an amount to be treated by management as if it were part of the donor restricted term-endowment) for the purpose of securing the Organization's long-term financial viability. See Note 15 Net Assets Without Donor Restrictions for details.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the consolidated statements of activities as net assets released from restrictions. See Note 16, Net Assets With Donor Restrictions, and Note 17, Net Assets Released From Donor Restrictions, for details.

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 Contributions Received and Contributions Made*. Skilled volunteer service hours of 52,211 and 47,944 were contributed to the Organization and recorded in the statements of activities in the amount of \$1,327,713 and \$1,183,726 as revenues and expenses during the years ended June 30, 2019 and 2018, 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 169,400 and 207,000 were contributed to the Organization but not reflected in the financial statements during the years ended June 30, 2019 and 2018, respectively, by approximately 2,300 and 2,800 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.

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Notes to Financial Statements

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 2019 and 2018 fiscal years, these joint costs totaled \$1,205,018 and \$1,156,126, with an allocation of \$602,509 and \$578,063 to resource development and a \$602,509 and \$578,063 allocation to education and justice, respectively.

Investment Income

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

Functional Allocation of Expenses

The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas. A portion of General and Administrative costs that benefit multiple functional areas (indirect costs) have been allocated across Programs and Other Supporting Services based on the proportion of full-time employee equivalents of a program or other supporting service versus the total organizational full-time employee equivalents.

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 October 29, 2019, 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.

Recent Accounting Pronouncement Adopted

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restriction" and "net assets with donor restrictions," (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor

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Notes to Financial Statements

stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes, and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding the liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The adoption of this new standard impacted the presentation of the net asset classes and expanded the footnote disclosures as required. The total net assets and change in net assets were not impacted.

3. Liquidity

The Organization's financial assets available within one year of the statements of financial position date for general expenditures are as follows:

<i>June 30,</i>	2019	2018
Cash and cash equivalents, without donor restrictions	\$ 10,625,924	\$ 7,248,672
Investments held by CRCNA Funds, LLC	8,888,628	8,445,722
Other investments	29,535	32,697
Field advances	241,751	265,109
Due from Christian Reformed Church in North America	12,832	1,013,031
Due from other Christian Reformed Church in North America agencies	9,496	9,922
Pledges and grants receivables	174,414	4,188
Interest and other receivables	58,502	54,330
Beneficial interest in assets held by Barnabas Foundation	198,797	188,496
Total	\$ 20,239,879	\$ 17,262,167

Pledges and grants receivable in the table above only include the amounts to be received within one year of the balance sheet date. Beneficial interest in assets held by Barnabas Foundation include the amount to be released from restrictions within one year.

The assets above include Board-designated funds as discussed in Note 15. While the Organization does not intend to spend these for purpose other than determined by the Board, the funds could be made available for current operations, if necessary.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

4. Property and Equipment

A summary of property and equipment is as follows:

<i>June 30,</i>	2019	2018
Land	\$ 130,206	\$ 130,206
Buildings and leasehold improvements	209,000	209,000
Vehicles and equipment	656,517	567,499
Total	\$ 995,723	\$ 906,705

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Depreciation expense was \$60,621 and \$48,571 for the years ended June 30, 2019 and 2018, respectively.

The Agency is constructing a new seawall at their cottage which was donated to them in 1988 and is to be completed in October 2019 at a cost of approximately \$81,600. Construction in progress was \$56,528 and \$33,255 for the years ended June 30, 2019 and 2018, respectively, and these amounts are stated at cost and not depreciated. The incurred cost will be transferred to buildings and leasehold improvements upon completion.

5. 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>	2019	2018
Investments Held by CRCNA Funds, LLC		
Cash equivalents portfolio	\$ 18	\$ -
Fixed-income portfolio	27,736	26,711
Balanced portfolio	8,860,874	8,419,011
Total Investments Held by CRCNA Funds, LLC	\$ 8,888,628	\$ 8,445,722
Other Investments	\$ 29,535	\$ 32,697

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 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 \$638,000 and \$649,000 for the years ended June 30, 2019 and 2018 represented reinvested investment and dividend income of approximately \$222,000 and \$179,000, distributed investment income of approximately \$179,000 and \$108,000, net realized gains of approximately \$0 and \$29,000, and net unrealized gains of approximately \$237,000 and \$333,000, respectively.

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6. 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, 2019</i>	Level 1	Level 2	Level 3	Total
Investments held by CRCNA Funds, LLC	\$ 8,030,356	\$ 858,272	\$ -	\$ 8,888,628
Other investments	3,090	-	26,445	29,535
Investments, at fair value	\$ 8,033,446	\$ 858,272	\$ 26,445	\$ 8,918,163
Annuities Payable	\$ -	\$ 142,106	\$ -	\$ 142,106
<i>June 30, 2018</i>	Level 1	Level 2	Level 3	Total
Investments held by CRCNA Funds, LLC	\$ 7,653,493	\$ 792,229	\$ -	\$ 8,445,722
Other investments	3,000	-	29,697	32,697
Investments, at fair value	\$ 7,656,493	\$ 792,229	\$ 29,697	\$ 8,478,419
Annuities Payable	\$ -	\$ 90,637	\$ -	\$ 90,637

The change in the Organization's Level 3 investment was due to a net unrealized loss of \$3,252 and \$4,197 for the years ended June 30, 2019 and 2018, respectively.

7. Pledges and Grants Receivable

Pledges and grants receivable consist of the following unconditional promises to give at:

<i>June 30,</i>	2019	2018
Amount due in:		
Less than one year	\$ 213,177	\$ 268,175
One to five years	465,000	-
Total pledges and grants receivable	678,177	268,175
Less: discount	(24,558)	-
	\$ 653,619	\$ 268,175

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Notes to Financial Statements

8. 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, 2019). The resulting adjustment is netted against investment income in the statements of activities.

9. 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 \$436,000 and \$413,000 at June 30, 2019 and 2018, respectively. Conditional promises to give are not recognized as revenue until they become unconditional, that is, when the conditions on which they depend are substantially met.

10. Due to 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 World Renew in Canada was approximately \$59,000 and \$6,000 for the years ended June 30, 2019 and 2018, respectively.

11. 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, 2019 and 2018.

Retirement plan contribution expense for the years ended June 30, 2019 and 2018 amounted to approximately \$303,000 and \$279,000, respectively for the plan.

12. Transactions With Other Christian Reformed Church Entities

The Organization purchased printed material totaling approximately \$126,700 and \$107,000 in 2019 and 2018, respectively from the Christian Reformed Church in North America (CRCNA) and also incurred charges of approximately \$515,000 and \$758,200 in 2019 and 2018, respectively, for administrative support, copying, mailing and other services. The Organization also incurred charges during 2019 and 2018 of approximately \$317,600 and \$313,600, respectively, from the CRCNA for

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support charges related to the financial services function, and approximately \$212,100 and \$201,000, respectively, of allocated building occupancy expense. At June 30, 2019 and 2018, due to other Christian Reformed Church in North America agencies were approximately \$117,200 and \$72,600, respectively.

The Organization held a note receivable from CRCNA in the amount of \$1,000,000 as of June 30, 2018 which accrued interest at 2.43% per annum and was included in the due from CRCNA balance. The note receivable was fully repaid with interest on December 31, 2018.

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 \$13,000 from the Organization as of June 30, 2019 and 2018. 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.

13. 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.

In the fiscal year ended June 30, 2019, the Organization had the following changes in Board-designated and donor restricted term endowments:

	Village Savings and Loan Fund With Donor Restriction	Joseph Fund Board- Designated	Joseph Fund With Donor Restriction
Balance, July 1, 2017	\$ 255,259	\$ 7,114,925	\$ 247,628
Gifts received and adjustments	218,698	975,396	46,440
Releases	(232,871)	(1,865,302)	(101,128)
Balance, June 30, 2018	241,086	6,225,019	192,940
Gifts received and adjustments	143,342	3,670,130	173,185
Releases	(167,796)	(1,981,959)	(104,457)
Balance, June 30, 2019	\$ 216,632	\$ 7,913,190	\$ 261,668

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Notes to Financial Statements

14. 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 are summarized as follows:

<i>Year ended June 30,</i>	2019	2018
Beginning Balance	\$ 4,451,298	\$ 3,240,351
Change in beneficial interest in the net assets of the Barnabas Foundation before contributions	178,896	299,025
Contributions from donors to the beneficial interest	1,500,000	1,500,000
Contributions to the Organization	(627,391)	(588,078)
Ending Balance	\$ 5,502,803	\$ 4,451,298

15. Net Assets Without Donor Restriction

The Organization's net assets without donor restrictions is comprised of undesignated and Board designated amounts for the following purposes at:

<i>June 30,</i>	2019	2018
Net Assets Without Donor Restriction		
Undesignated	\$ 12,383,572	\$ 10,663,387
Board designated for Joseph Fund	7,913,190	6,225,019
Total Net Assets Without Donor Restrictions	\$ 20,296,762	\$ 16,888,406

- The Board-designated Joseph Fund represents unrestricted estate monies received 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.

16. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

<i>June 30,</i>	2019	2018
Overseas development	\$ 7,299,665	\$ 6,156,575
Disaster programs	5,038,405	5,042,568
Joseph Fund and other	360,622	293,696
Total Net Assets with Donor Restrictions	\$ 12,698,692	\$ 11,492,839

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The various purposes of the above donor restricted amounts are as follows:

- Overseas Development - 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 - 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.
- Joseph Fund and Other - Consists of the net book value of a gifted cottage and 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.

17. Net Assets Released From Donor Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors. The net assets released from restrictions are as follow:

<i>June 30,</i>	2019	2018
Overseas development	\$ 2,155,919	\$ 1,781,637
Disaster programs	2,151,244	1,967,206
Joseph Fund and other	106,258	102,928
Net Assets Released From Restrictions	\$ 4,413,421	\$ 3,851,771

Supplementary Information



Independent Auditor's Report on Supplementary Information

Our audits of the financial statements included in the preceding section of this report were 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

October 29, 2019

World Renew

Details of Overseas Development Program Services

<i>Year ended June 30,</i>	2019	2018
Bangladesh	\$ 280,862	\$ 244,604
Cambodia	42,423	46,335
Dominican Republic	34,413	26,803
Guatemala	269,284	310,316
Haiti	368,460	354,707
Honduras	163,336	202,472
India	109,957	112,169
Kenya	640,337	591,523
Laos	855	93,837
Malawi	186,913	151,217
Mali	109,994	79,691
Mexico	19,391	20,970
Mozambique	55,546	46,732
Nicaragua	423,396	425,261
Niger	323,179	339,862
Nigeria	201,631	211,018
Senegal	37,582	4,643
Sierra Leone	100,509	100,887
Tanzania	105,187	181,546
Uganda	632,775	584,678
Zambia	38,869	34,780
Regional ministries	915,846	887,956
Program development	1,183,255	969,241
Total	\$ 6,244,000	\$ 6,021,248

See accompanying independent auditor's report on supplementary information.