



World Renew

Financial Statements and Supplementary Information Years Ended June 30, 2020 and 2019

World Renew

Financial Statements and Supplementary Information
Years Ended June 30, 2020 and 2019

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, 2020 and 2019, 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, 2020 and 2019, 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 19, 2020

Financial Statements

World Renew

Statements of Financial Position

<i>June 30, 2020</i>	Without Donor Restrictions			With Donor Restrictions	
	Operating	Designated	Total	Restrictions	Total
Assets					
Cash and cash equivalents	\$ 2,417,467	\$ 6,897,949	\$ 9,315,416	\$ 7,409,237	\$ 16,724,653
Investments held by CRCNA Funds, LLC	9,453,604	-	9,453,604	-	9,453,604
Other investments	24,963	-	24,963	-	24,963
Field advances	266,275	-	266,275	-	266,275
Pledges and grants receivable	565,645	-	565,645	-	565,645
Interest and other receivables	48,370	-	48,370	-	48,370
Prepaid expenses	290,470	-	290,470	-	290,470
Beneficial interest in assets held by Barnabas Foundation	-	-	-	4,824,507	4,824,507
Construction in progress	63,499	-	63,499	-	63,499
Property and equipment	866,275	-	866,275	155,206	1,021,481
Less accumulated depreciation	(556,432)	-	(556,432)	(58,050)	(614,482)
Total Assets	\$ 13,440,136	\$ 6,897,949	\$ 20,338,085	\$ 12,330,900	\$ 32,668,985
Liabilities and Net Assets					
Liabilities					
Accounts payable and accrued expenses	\$ 441,140	\$ -	\$ 441,140	\$ -	\$ 441,140
Due to other Christian Reformed Church in North America agencies	471,291	-	471,291	-	471,291
Due to World Renew in Canada	1,882,785	-	1,882,785	-	1,882,785
Annuities payable	128,414	-	128,414	-	128,414
Overseas severance accrual	67,032	-	67,032	-	67,032
Total Liabilities	2,990,662	-	2,990,662	-	2,990,662
Net Assets					
Without donor restrictions	10,449,474	6,897,949	17,347,423	-	17,347,423
With donor restrictions	-	-	-	12,330,900	12,330,900
Total Net Assets	10,449,474	6,897,949	17,347,423	12,330,900	29,678,323
Total Liabilities and Net Assets	\$ 13,440,136	\$ 6,897,949	\$ 20,338,085	\$ 12,330,900	\$ 32,668,985

See accompanying notes to 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
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	\$ 13,223,196	\$ 7,913,190	\$ 21,136,386	\$ 12,698,692	\$ 33,835,078
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	94,845	-	94,845	-	94,845
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	839,624	-	839,624	-	839,624
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	\$ 13,223,196	\$ 7,913,190	\$ 21,136,386	\$ 12,698,692	\$ 33,835,078

See accompanying notes to financial statements.

World Renew

Statements of Activities

Year ended June 30, 2020	Without Donor Restrictions			With Donor Restrictions	
	Operating	Designated	Total	Restrictions	Total
Revenues and Other Support					
Contributions - churches and individuals:					
Development programs	\$ 1,949,364	\$ -	\$ 1,949,364	\$ 962,659	\$ 2,912,023
Disaster programs	-	-	-	2,023,637	2,023,637
Donated services for disaster programs	865,368	-	865,368	-	865,368
Unspecified	4,712,334	1,149,820	5,862,154	500,273	6,362,427
Total contributions - churches and individuals	7,527,066	1,149,820	8,676,886	3,486,569	12,163,455
Other revenues:					
Grants from others	570,520	-	570,520	981,913	1,552,433
Investment income, net	701,416	-	701,416	-	701,416
Net assets released from restrictions	4,157,978	-	4,157,978	(4,157,978)	-
Net assets released from designations	2,165,061	(2,165,061)	-	-	-
Total Revenues and Other Support	15,122,041	(1,015,241)	14,106,800	310,504	14,417,304
Expenses					
Program services:					
Overseas development	8,540,366	-	8,540,366	-	8,540,366
Disaster programs	3,271,954	-	3,271,954	-	3,271,954
Domestic development	1,075,814	-	1,075,814	-	1,075,814
Education and justice	490,015	-	490,015	-	490,015
Total program services	13,378,149	-	13,378,149	-	13,378,149
Support services:					
Fundraising	2,640,208	-	2,640,208	-	2,640,208
Management and general	1,037,782	-	1,037,782	-	1,037,782
Total support services	3,677,990	-	3,677,990	-	3,677,990
Total Expenses	17,056,139	-	17,056,139	-	17,056,139
Changes in net assets before change in beneficial interest	(1,934,098)	(1,015,241)	(2,949,339)	310,504	(2,638,835)
Change in Beneficial Interest in Assets Held by Barnabas Foundation					
Contributions from the beneficial interest	-	-	-	(722,993)	(722,993)
Change in net assets in the beneficial interest	-	-	-	44,697	44,697
Total Change in Beneficial Interest in Assets Held by Barnabas Foundation	-	-	-	(678,296)	(678,296)
Changes in Net Assets	\$ (1,934,098)	\$ (1,015,241)	\$ (2,949,339)	\$ (367,792)	\$ (3,317,131)

See accompanying notes to financial statements.

World Renew

Statements of Activities

Year ended June 30, 2019	Without Donor Restrictions			With Donor Restrictions	
	Operating	Designated	Total	Restrictions	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 change in 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 Functional Expenses

Year ended June 30, 2020	Program Services				Support Services				
	Overseas Development	Disaster Programs	Domestic Development	Education and Justice	Total	Fundraising	Management and General	Total	Total
Expenses									
Salaries	\$ 2,078,972	\$ 541,581	\$ 349,669	\$ 243,831	\$ 3,214,053	\$ 1,107,849	\$ 343,445	\$ 1,451,294	\$ 4,665,347
Employee benefits	741,736	215,737	137,885	85,538	1,180,896	459,569	120,109	579,678	1,760,574
Total salaries and employee benefits	2,820,708	757,318	487,554	329,369	4,394,949	1,567,418	463,554	2,030,972	6,425,921
Home office costs									
Operations	254,970	184,453	229,198	96,490	765,111	672,302	434,832	1,107,134	1,872,245
Printed materials	292	653	106,838	4,330	112,113	108,406	510	108,916	221,029
Travel	28,850	19,759	35,294	20,616	104,519	75,386	14,653	90,039	194,558
Facilities and equipment	95,415	152,800	74,469	37,378	360,062	184,349	102,521	286,870	646,932
Training/education	111,852	5,576	6,447	1,212	125,087	10,965	21,712	32,677	157,764
Promotional events and mailings	1,000	6,814	21,287	620	29,721	21,382	-	21,382	51,103
Total home office costs	492,379	370,055	473,533	160,646	1,496,613	1,072,790	574,228	1,647,018	3,143,631
Field costs									
Travel	212,188	226,287	-	-	438,475	-	-	-	438,475
Vehicle	153,263	26,819	-	-	180,082	-	-	-	180,082
Housing	280,833	106,209	-	-	387,042	-	-	-	387,042
Field office costs	374,429	90,257	-	-	464,686	-	-	-	464,686
Capital expenses	219,185	-	-	-	219,185	-	-	-	219,185
Training/education	115,901	1,665	-	-	117,566	-	-	-	117,566
National staff costs	1,048,039	865,368	-	-	1,913,407	-	-	-	1,913,407
Objective costs:									
Food production	967,933	-	-	-	967,933	-	-	-	967,933
Income generation	130,602	-	-	-	130,602	-	-	-	130,602
Health	466,366	-	-	-	466,366	-	-	-	466,366
HIV/AIDS awareness and prevention	42,141	-	-	-	42,141	-	-	-	42,141
Literacy	88,845	-	-	-	88,845	-	-	-	88,845
Community development	546,937	-	-	-	546,937	-	-	-	546,937
Diaconal development	26,323	-	-	-	26,323	-	-	-	26,323
COVID 19 Aid to Churches	-	-	98,000	-	98,000	-	-	-	98,000
Justice	424,322	-	-	-	424,322	-	-	-	424,322
Disaster relief	-	827,976	-	-	827,976	-	-	-	827,976
Other	129,972	-	16,727	-	146,699	-	-	-	146,699
Total field costs	5,227,279	2,144,581	114,727	-	7,486,587	-	-	-	7,486,587
Total Expenses	\$ 8,540,366	\$ 3,271,954	\$ 1,075,814	\$ 490,015	\$ 13,378,149	\$ 2,640,208	\$ 1,037,782	\$ 3,677,990	\$ 17,056,139

See accompanying notes to financial statements.

World Renew

Statements of Functional Expenses

Year ended June 30, 2019	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
Total salaries and employee benefits	1,823,492	727,388	-	577,576	3,128,456	1,203,396	429,986	1,633,382	4,761,838
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 Changes in Net Assets

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, July 1, 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
Changes in net assets	(2,949,339)	(367,792)	(3,317,131)
Balance, June 30, 2020	\$ 17,347,423	\$ 12,330,900	\$ 29,678,323

See accompanying notes to financial statements.

World Renew
Statements of Cash Flows

<i>Year ended June 30,</i>	2020	2019
Cash Flows From (For) Operating Activities		
Changes in net assets	\$ (3,317,131)	\$ 4,614,209
Adjustments to reconcile changes in net assets to net cash from (for) operating activities:		
Change in value of annuities	10,985	78,237
Depreciation	80,011	60,621
Net unrealized gain on investments	(346,652)	(236,907)
Net change in beneficial interest in assets held by Barnabas Foundation	678,296	(1,051,505)
Net loss on sale of equipment	8,454	-
Changes in assets and liabilities:		
Field advances	(24,524)	23,358
Due to/from other Christian Reformed Church of North America agencies	376,446	1,045,165
Due to/from World Renew in Canada	1,823,745	53,010
Pledges and grants receivable	87,974	(385,444)
Interest and other receivables	10,132	(4,172)
Prepaid expenses	1,103	(164,310)
Accounts payable and accrued expenses	19,533	79,580
Overseas severance accrual	(54,994)	3,170
Net Cash From (For) Operating Activities	(646,622)	4,115,012
Cash Flows For Investing Activities		
Purchases of equipment	(77,448)	(123,725)
Purchases of investments	(213,752)	(202,837)
Net Cash For Investing Activities	(291,200)	(326,562)
Cash Flows For Financing Activities		
Payments on annuity agreements	(24,677)	(26,768)
Net increase (decrease) in cash and cash equivalents	(962,499)	3,761,682
Cash and Cash Equivalents, beginning of year	17,687,152	13,925,470
Cash and Cash Equivalents, end of year	\$ 16,724,653	\$ 17,687,152

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 the Christian Reformed Church in North America and with various US churches.
- *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.

World Renew

Notes to Financial Statements

During the fiscal years ended June 30, 2020 and 2019, \$2,165,061 and \$1,981,959, respectively, were released from designation and moved to operating net assets without donor restrictions.

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 0.78% for pledges received in 2020. 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 \$5,000 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 for further 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 Notes 16 and 17 for further 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 31,815 and 52,211 were contributed to the Organization and recorded in the statements of activities in the amount of \$865,368 and \$1,327,713 as revenues and expenses during the years ended June 30, 2020 and 2019, 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 100,300 and 169,400 were contributed to the Organization, but not reflected in the financial statements, during the years ended June 30, 2020 and 2019, respectively, by approximately 1,300 and 2,300 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.

World Renew

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 2020 and 2019 fiscal years, respectively, these joint costs totaled \$1,935,994 and \$1,205,018, with an allocation of \$967,997 and \$602,509 to fundraising and an allocation of \$967,997 and \$602,509 to education and justice.

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 19, 2020, the date the financial statements were available to be issued. Based on evaluation, there were no matters identified that had significant impact on the financial statements presented.

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World Renew

Notes to Financial Statements

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>	2020	2019
Cash and cash equivalents, without donor restrictions	\$ 9,315,416	\$ 10,625,924
Investments held by CRCNA Funds, LLC	9,453,604	8,888,628
Other investments	24,963	29,535
Field advances	266,275	241,751
Pledges and grants receivables	157,803	174,414
Interest and other receivables	48,370	58,502
Beneficial interest in assets held by Barnabas Foundation	180,438	198,797
Total	\$ 19,446,869	\$ 20,217,551

Pledges and grants receivable in the table above only include the amounts without donor restrictions to be received within one year of the statement of financial position 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 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>	2020	2019
Land	\$ 130,206	\$ 130,206
Buildings and leasehold improvements	216,850	209,000
Vehicles and equipment	674,425	656,517
Total	\$ 1,021,481	\$ 995,723

Depreciation expense was \$80,011 and \$60,621 for the years ended June 30, 2020 and 2019, respectively.

The Agency is constructing a new seawall at their cottage, which was donated to them in 1988, at a cost of approximately \$81,600. Construction in progress was \$63,499 for the year ended June 30, 2020, and this amount is stated at cost and not depreciated. The incurred cost will be transferred to buildings and leasehold improvements upon completion.

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Notes to Financial Statements

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>	2020	2019
Investments Held by CRCNA Funds, LLC		
Cash equivalents portfolio	\$ -	\$ 18
Fixed-income portfolio	28,595	27,736
Balanced portfolio	9,425,009	8,860,874
Total Investments Held by CRCNA Funds, LLC	\$ 9,453,604	\$ 8,888,628
Other Investments	\$ 24,963	\$ 29,535

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 \$701,000 and \$638,000 for the years ended June 30, 2020 and 2019 represented reinvested investment and dividend income of approximately \$194,000 and \$222,000, distributed investment income of approximately \$160,000 and \$179,000, and net unrealized gains of approximately \$347,000 and \$237,000, respectively.

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

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Notes to Financial Statements

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, 2020</i>	Level 1	Level 2	Level 3	Total
Investments held by CRCNA Funds, LLC	\$ 8,592,776	\$ 860,828	\$ -	\$ 9,453,604
Other investments	3,133	-	21,830	24,963
Investments, at fair value	\$ 8,595,909	\$ 860,828	\$ 21,830	\$ 9,478,567
Annuities Payable	\$ -	\$ 128,414	\$ -	\$ 128,414

<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

The change in the Organization's Level 3 investment was due to a net unrealized loss of \$4,615 and \$3,252 for the years ended June 30, 2020 and 2019, respectively.

7. Pledges and Grants Receivable

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

<i>June 30,</i>	2020	2019
Amount due in less than one year	\$ 213,964	\$ 213,177
Amount due in one to five years	360,000	465,000
Total pledges and grants receivable	573,964	678,177
Less: discount	(8,319)	(24,558)
Total	\$ 565,645	\$ 653,619

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

World Renew

Notes to Financial Statements

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 (IRS) 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, 2020). 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 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 \$444,900 and \$436,000 at June 30, 2020 and 2019, 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 result depending on the original funding source of these shared costs. The amount due to World Renew in Canada was approximately \$1,882,800 and \$59,000 for the years ended June 30, 2020 and 2019, 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, 2020 and 2019.

Retirement plan contribution expense for the years ended June 30, 2020 and 2019 amounted to approximately \$407,500 and \$303,000, respectively, for the plan.

12. Transactions With Other Christian Reformed Church Entities

Paycheck Protection Program Financial Support

On their behalf and that of the Christian Reformed Church in North America, Raise Up Global Ministries, World Renew, and Back To God Ministries International applied for a \$4,184,145 loan under the Small Business Administration's Paycheck Protection Program (PPP) through provision by the CARES Act. In May 2020, TCF National Bank tendered the \$4,184,145 with a 1% interest-bearing promissory note that specifies repayment in 18 monthly installments beginning December 1, 2020.

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These agencies applied for these PPP monies with the expectation of meeting the eligibility criteria for loan forgiveness. As such, they have elected to account these PPP loans in accordance with the FASB ASC 958-605 as a conditional contribution. This allows each agency to recognize contribution income as qualifying expenses are incurred.

The allocation of PPP monies among the four agencies is as follows:

	Amount Awarded	Conditions Met as of June 30, 2020	Remaining Balance as of June 30, 2020
Back to God Ministries International	\$ 530,578	\$ (368,830)	\$ 161,748
World Renew	817,258	(568,093)	249,165
Raise Up Global Ministries	59,562	(42,084)	17,478
Christian Reformed Church in North America	2,776,747	(1,929,515)	847,232
Total	\$ 4,184,145	\$ (2,908,522)	\$ 1,275,623

During the year ended June 30, 2020, World Renew recognized \$568,093 as revenue, which is included in the statement of activities under grants from others.

See Note 18 for further details about the CARES Act and its impact on the Organization.

Other Transactions With Other Christian Reformed Church Entities

The Organization purchased printed material totaling approximately \$136,300 and \$126,700 in 2020 and 2019, respectively, from the Christian Reformed Church in North America (CRCNA) and incurred charges of approximately \$606,700 and \$515,000 in 2020 and 2019, respectively, for administrative support, copying, mailing and other services. The Organization also incurred charges during 2020 and 2019 of approximately \$328,200 and \$317,600, respectively, from the CRCNA for support charges related to the financial services function, and approximately \$408,600 and \$212,100, respectively, of allocated building occupancy expense. The Organization made grants to or paid project expenses on behalf of other Christian Reformed Church entities totaling approximately \$58,700 and \$70,300 in 2020 and 2019, respectively.

Amount Due to Other Christian Reformed Church Entities and Borrowing Agreement

The Organization's amounts due to other Christian Reformed Church in North America agencies were approximately \$471,300 and \$94,800 at June 30, 2020 and 2019, respectively. The increase in the June 30, 2020 amount due balance relates, in part, to approximately \$249,200 in remaining PPP grant funds.

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. 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.

World Renew

Notes to Financial Statements

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 fiscal year ended June 30, 2020, 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, 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
Gifts received and adjustments	140,127	1,149,820	39,807
Releases	(161,754)	(2,165,061)	(68,029)
Balance, June 30, 2020	\$ 195,005	\$ 6,897,949	\$ 233,446

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.

World Renew

Notes to Financial Statements

The total changes in beneficial interest in the net assets of the Barnabas Foundation are summarized as follows:

<i>Year ended June 30,</i>	2020	2019
Beginning Balance	\$ 5,502,803	\$ 4,451,298
Change in beneficial interest in the net assets of the Barnabas Foundation before contributions	44,697	178,896
Contributions from donors to the beneficial interest	-	1,500,000
Contributions to the Organization	(722,993)	(627,391)
Ending Balance	\$ 4,824,507	\$ 5,502,803

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>	2020	2019
Net Assets Without Donor Restriction		
Undesignated	\$ 10,449,474	\$ 12,383,572
Board-designated for Joseph Fund	6,897,949	7,913,190
Total Net Assets Without Donor Restrictions	\$ 17,347,423	\$ 20,296,762

- 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>	2020	2019
Overseas development	\$ 6,555,123	\$ 7,299,665
Disaster programs	5,445,175	5,038,405
Joseph Fund and other	330,602	360,622
Total Net Assets With Donor Restrictions	\$ 12,330,900	\$ 12,698,692

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.

World Renew

Notes to Financial Statements

- *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>	2020	2019
Overseas development	\$ 2,150,945	\$ 2,155,919
Disaster programs	1,937,204	2,151,244
Joseph Fund and other	69,829	106,258
Net Assets Released From Restrictions	\$ 4,157,978	\$ 4,413,421

18. Risks and Uncertainties

COVID-19

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

Management is actively monitoring the impact of the global situation on the not-for-profit industry, financial condition, liquidity and operations. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021. Although the Organization cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have an adverse effect on results of future operations, financial position, and liquidity in fiscal year 2021. The Organization's operations are heavily dependent upon contributions.

CARES Act

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer-side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest

World Renew

Notes to Financial Statements

deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property.

The CARES Act also appropriated funds for the SBA Paycheck Protection Program loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. The financial assistance provided to the Organization and related parties, as identified in Note 12, through the SBA Paycheck Protection Program is outlined within Note 12.

The Organization continues to examine the impact that the CARES Act may have on operations. The application for these funds requires the Organization and related parties to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Organization and related parties. This certification further requires the Organization and related parties to take into account their current business activity and the ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to their respective business operations. The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on the Organization and related parties having initially qualified for the loan and qualifying for the forgiveness of such loan based on their future adherence to the forgiveness criteria.

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 19, 2020

World Renew

Details of Overseas Development Program Services

<i>Year ended June 30,</i>	2020	2019
Bangladesh	\$ 647,023	\$ 280,862
Cambodia	266,206	42,423
Dominican Republic	34,300	34,413
Guatemala	323,433	269,284
Haiti	467,704	368,460
Honduras	661,725	163,336
India	123,440	109,957
Kenya	209,899	640,337
Laos	314,470	855
Malawi	145,769	186,913
Mali	289,747	109,994
Mexico	29,772	19,391
Mozambique	109,935	55,546
Nicaragua	595,292	423,396
Niger	325,846	323,179
Nigeria	372,823	201,631
Senegal	202,624	37,582
Sierra Leone	109,759	100,509
Tanzania	139,130	105,187
Uganda	593,785	632,775
Zambia	51,163	38,869
Regional ministries	1,035,754	915,846
Program development	1,490,767	1,183,255
Total	\$ 8,540,366	\$ 6,244,000

See accompanying independent auditor's report on supplementary information.