

World Renew
(Incorporated in Canada)
Financial Statements
For the year ended June 30, 2021

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Financial Statements
For the year ended June 30, 2021

Contents

Independent Auditor's Report	2 - 3
Financial Statements	
Statement of Financial Position	4 - 5
Statement of Activities	6 - 7
Schedule of Functional Expenses	8 - 9
Statement of Changes in Net Assets	10
Statement of Cash Flows	11
Notes to Financial Statements	12 - 17
Schedule of Overseas Development Programs Expenses	18
Schedule of Disaster Programs Expenses	19



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Independent Auditor's Report

To the Governing Board of World Renew

Qualified Opinion

We have audited the financial statements of World Renew (the "Organization"), which comprise the statement of financial position as at June 30, 2021, and the statements of activities and changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at June 30, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess (deficiency) of revenue over expenses, and cash flows from operations for the years ended June 30, 2021 and 2020, current assets as at June 30, 2021 and 2020, and net assets as at July 1 and June 30 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended June 30, 2020 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Oakville, Ontario
December 20, 2021

**World Renew
Statement of Financial Position**

June 30, 2021

	Operating	Board Designated	CFGB	Total
Assets				
Current				
Cash	\$ 1,697,394	\$ 3,436,050	\$ -	\$ 5,133,444
Accounts receivable	128,771	-	-	128,771
Prepaid expenses	65,450	-	-	65,450
Field advances (Note 2)	61,402	-	-	61,402
Due from related parties (Note 3)	4,673,731	-	-	4,673,731
	<u>6,626,748</u>	<u>3,436,050</u>	<u>-</u>	<u>10,062,798</u>
Investment in CFGB (Note 4)	-	-	5,909,454	5,909,454
Capital assets (Note 5)	2,392	-	-	2,392
	<u>\$ 6,629,140</u>	<u>\$ 3,436,050</u>	<u>\$ 5,909,454</u>	<u>\$ 15,974,644</u>

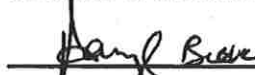
Liabilities


Current				
Accounts payable and accrued liabilities	\$ 829,978	\$ -	\$ -	\$ 829,978
Deferred contributions (Note 6)	3,989,175	-	-	3,989,175
	<u>4,819,153</u>	<u>-</u>	<u>-</u>	<u>4,819,153</u>

Net Assets

Operating	1,809,987	-	-	1,809,987
Restricted				
Board designated	-	3,436,050	-	3,436,050
CFGB (Note 4)	-	-	5,909,454	5,909,454
	<u>1,809,987</u>	<u>3,436,050</u>	<u>5,909,454</u>	<u>11,155,491</u>
	<u>\$ 6,629,140</u>	<u>\$ 3,436,050</u>	<u>\$ 5,909,454</u>	<u>\$ 15,974,644</u>

On behalf of the Board:

 _____ Director

 _____ Director

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

World Renew Statement of Financial Position

June 30, 2020

	Operating	Board Designated	CFGB	Total
Assets				
Current				
Cash	\$ 1,107,653	\$ 2,437,318	\$ -	\$ 3,544,971
Accounts receivable	315,444	-	-	315,444
Prepaid expenses	39,730	-	-	39,730
Field advances (Note 2)	464,712	-	-	464,712
Due from related parties (Note 3)	4,704,388	-	-	4,704,388
	6,631,927	2,437,318	-	9,069,245
Investment in CFGB (Note 4)	-	-	2,403,679	2,403,679
Capital assets (Note 5)	4,339	-	-	4,339
	\$ 6,636,266	\$ 2,437,318	\$ 2,403,679	\$ 11,477,263
Liabilities				
Current				
Accounts payable and accrued liabilities	\$ 585,285	\$ -	\$ -	\$ 585,285
Deferred contributions (Note 6)	5,411,445	-	-	5,411,445
	5,996,730	-	-	5,996,730
Net Assets				
Operating	639,536	-	-	639,536
Restricted				
Board designated	-	2,437,318	-	2,437,318
CFGB (Note 4)	-	-	2,403,679	2,403,679
	639,536	2,437,318	2,403,679	5,480,533
	\$ 6,636,266	\$ 2,437,318	\$ 2,403,679	\$ 11,477,263

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

World Renew Statement of Activities

For the year ended June 30, 2021

	Operating	Board Designated	CFGB	Total
Revenue				
Contributions				
Development programs	\$ 3,615,476	\$ -	\$ -	\$ 3,615,476
Disaster programs	1,054,950	-	4,535,667	5,590,617
Unspecified	3,723,974	1,742,651	-	5,466,625
	8,394,400	1,742,651	4,535,667	14,672,718
Other revenue				
Government sourced contributions (Note 4)	1,834	-	6,737,533	6,739,367
Grants from others	2,994,373	-	-	2,994,373
Investment income and other	342,323	-	-	342,323
	11,732,930	1,742,651	11,273,200	24,748,781
Expenses				
Program services				
Overseas development (Schedule)	3,992,821	-	-	3,992,821
Disaster programs (Schedule)	3,176,242	-	-	3,176,242
Domestic development	303,629	-	-	303,629
Education and justice	902,960	-	-	902,960
CFGB (Note 4)	-	-	7,767,425	7,767,425
Total program services	8,375,652	-	7,767,425	16,143,077
Support services				
Resource development	1,559,603	-	-	1,559,603
Management and general	1,371,143	-	-	1,371,143
Total support services	2,930,746	-	-	2,930,746
	11,306,398	-	7,767,425	19,073,823
Excess of revenue over expenses	\$ 426,532	\$ 1,742,651	\$ 3,505,775	\$ 5,674,958

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

World Renew Statement of Activities

For the year ended June 30, 2020

	Operating	Board Designated	CFGB	Total
Revenue				
Contributions				
Development programs	\$ 3,499,708	\$ -	\$ -	\$ 3,499,708
Disaster programs	732,284	-	3,453,315	4,185,599
Unspecified	3,633,349	566,792	-	4,200,141
	7,865,341	566,792	3,453,315	11,885,448
Other revenue				
Government sourced contributions (Note 4)	2,128	-	6,911,372	6,913,500
Grants from others	2,371,922	-	-	2,371,922
Investment income and other	556,899	-	-	556,899
	10,796,290	566,792	10,364,687	21,727,769
Expenses				
Program services				
Overseas development (Schedule)	4,286,615	-	-	4,286,615
Disaster programs (Schedule)	4,330,634	-	-	4,330,634
Domestic development	306,597	-	-	306,597
Education and justice	720,065	-	-	720,065
CFGB (Note 4)	-	-	10,172,563	10,172,563
Total program services	9,643,911	-	10,172,563	19,816,474
Support services				
Resource development	1,386,715	-	-	1,386,715
Management and general	1,230,158	-	-	1,230,158
Total support services	2,616,873	-	-	2,616,873
	12,260,784	-	10,172,563	22,433,347
Excess (deficiency) of revenue over expenses	\$ (1,464,494)	\$ 566,792	\$ 192,124	\$ (705,578)

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

World Renew Schedule of Functional Expenses

For the year ended June 30, 2021

	Program Services					Support Services				
	Overseas Development	Disaster Programs	Domestic Development	Education and Justice	CFGB	Total	Resource Development	Management and General	Total	Total
Expenses										
Salaries	\$ 1,106,824	\$ 461,491	\$ 213,641	\$ 90,285	\$ -	\$ 1,872,241	\$ 932,255	\$ 274,812	\$ 1,207,067	\$ 3,079,308
Employee benefits	389,767	105,079	46,794	25,933	-	567,573	214,755	64,661	279,416	846,989
Total salaries and benefits	1,496,591	566,570	260,435	116,218	-	2,439,814	1,147,010	339,473	1,486,483	3,926,297
Home office costs										
Operations	142,725	82,642	29,075	67,808	-	322,250	722,131	1,005,488	1,727,619	2,049,869
Printed materials	-	-	-	-	-	-	10,854	-	10,854	10,854
Travel (recoveries)	(4,663)	(1,756)	164	(500)	-	(6,755)	6,515	21	6,536	(219)
Facilities and equipment	23,100	20,951	13,860	9,240	-	67,151	55,440	25,048	80,488	147,639
Training/education	80,402	478	-	-	-	80,880	6,190	-	6,190	87,070
Promotional events and mailings	-	10,688	95	-	-	10,783	114,946	1,113	116,059	126,842
Allocation	-	-	-	710,194	-	710,194	(503,483)	-	(503,483)	206,711
Total home office costs	241,564	113,003	43,194	786,742	-	1,184,503	412,593	1,031,670	1,444,263	2,628,766
Field Costs										
Travel (recoveries)	38,440	(8,510)	-	-	-	29,930	-	-	-	29,930
Vehicle	70,995	-	-	-	-	70,995	-	-	-	70,995
Housing	167,935	16,437	-	-	-	184,372	-	-	-	184,372
Field office costs	204,926	1,309	-	-	-	206,235	-	-	-	206,235
Training/education	60,056	1,782	-	-	-	61,838	-	-	-	61,838
Field staff costs	479,089	121,832	-	-	-	600,921	-	-	-	600,921
Objective costs										
Agriculture	166,188	-	-	-	-	166,188	-	-	-	166,188
Income generation	13,310	-	-	-	-	13,310	-	-	-	13,310
Health	158,225	-	-	-	-	158,225	-	-	-	158,225
HIV/AIDS awareness and prevention	9,981	-	-	-	-	9,981	-	-	-	9,981
Literacy	125,586	-	-	-	-	125,586	-	-	-	125,586
Community development	414,498	-	-	-	-	414,498	-	-	-	414,498
Diaconal development	106,960	-	-	-	-	106,960	-	-	-	106,960
Justice	97,813	-	-	-	-	97,813	-	-	-	97,813
Disaster relief and food security	-	2,363,819	-	-	7,767,425	10,131,244	-	-	-	10,131,244
Organizational capacity development	134,019	-	-	-	-	134,019	-	-	-	134,019
Water projects	24,381	-	-	-	-	24,381	-	-	-	24,381
Other	52,312	-	-	-	-	52,312	-	-	-	52,312
Miscellaneous	(70,048)	-	-	-	-	(70,048)	-	-	-	(70,048)
Total field costs	2,254,666	2,496,669	-	-	7,767,425	12,518,760	-	-	-	12,518,760
Total expenses	\$ 3,992,821	\$ 3,176,242	\$ 303,629	\$ 902,960	\$ 7,767,425	\$ 16,143,077	\$ 1,559,603	\$ 1,371,143	\$ 2,930,746	\$ 19,073,823

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

World Renew Schedule of Functional Expenses

For the year ended June 30, 2020

	Program Services					Support Services				
	Overseas Development	Disaster Programs	Domestic Development	Education and Justice	CFGB	Total	Resource Development	Management and General	Total	Total
Expenses										
Salaries	\$ 826,670	\$ 714,223	\$ 198,306	\$ 122,045	\$ -	\$ 1,861,244	\$ 794,769	\$ 281,728	\$ 1,076,497	\$ 2,937,741
Employee benefits	310,773	148,622	36,272	33,006	-	528,673	210,227	57,710	267,937	796,610
Total salaries and benefits	1,137,443	862,845	234,578	155,051	-	2,389,917	1,004,996	339,438	1,344,434	3,734,351
Home office costs										
Operations	166,901	171,926	50,252	80,683	-	469,762	550,522	839,787	1,390,309	1,860,071
Printed materials	279	1,239	-	289	-	1,807	57,462	53	57,515	59,322
Travel	24,438	78,913	4,193	10,093	-	117,637	82,479	24,212	106,691	224,328
Facilities and equipment	21,119	32,340	17,325	9,240	-	80,024	50,050	25,053	75,103	155,127
Training/education	78,285	4,969	160	-	-	83,414	3,696	1,615	5,311	88,725
Promotional events and mailings	-	797	89	-	-	886	102,219	-	102,219	103,105
Allocation	-	-	-	464,709	-	464,709	(464,709)	-	(464,709)	-
Total home office costs	291,022	290,184	72,019	565,014	-	1,218,239	381,719	890,720	1,272,439	2,490,678
Field Costs										
Travel	260,857	137,234	-	-	-	398,091	-	-	-	398,091
Vehicle	91,945	(6,753)	-	-	-	85,192	-	-	-	85,192
Housing	198,359	19,304	-	-	-	217,663	-	-	-	217,663
Field office costs	221,642	19,615	-	-	-	241,257	-	-	-	241,257
Training/education	64,344	-	-	-	-	64,344	-	-	-	64,344
Field staff costs	480,734	161,241	-	-	-	641,975	-	-	-	641,975
Objective costs										
Agriculture	218,870	-	-	-	-	218,870	-	-	-	218,870
Income generation	93,312	-	-	-	-	93,312	-	-	-	93,312
Health	262,370	-	-	-	-	262,370	-	-	-	262,370
HIV/AIDS awareness and prevention	18,585	-	-	-	-	18,585	-	-	-	18,585
Literacy	120,077	-	-	-	-	120,077	-	-	-	120,077
Community development	512,140	-	-	-	-	512,140	-	-	-	512,140
Diagonal development	168,691	-	-	-	-	168,691	-	-	-	168,691
Justice	47,379	-	-	-	-	47,379	-	-	-	47,379
Disaster relief and food security	-	2,846,964	-	-	10,172,563	13,019,527	-	-	-	13,019,527
Organizational capacity development	56,165	-	-	-	-	56,165	-	-	-	56,165
Environment	36,875	-	-	-	-	36,875	-	-	-	36,875
Water projects	28,819	-	-	-	-	28,819	-	-	-	28,819
Other	59,281	-	-	-	-	59,281	-	-	-	59,281
Miscellaneous	(82,295)	-	-	-	-	(82,295)	-	-	-	(82,295)
Total field costs	2,858,150	3,177,605	-	-	10,172,563	16,208,318	-	-	-	16,208,318
Total expenses	\$ 4,286,615	\$ 4,330,634	\$ 306,597	\$ 720,065	\$ 10,172,563	\$ 19,816,474	\$ 1,386,715	\$ 1,230,158	\$ 2,616,873	\$ 22,433,347

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

World Renew Statement of Changes in Net Assets

For the year ended June 30

	Operating	Board Designated	CFGB	Total
Balance as at June 30, 2019	\$ 1,462,098	\$ 2,512,458	\$ 2,211,555	\$ 6,186,111
Excess (deficiency) of revenue over expenses	(1,464,494)	566,792	192,124	(705,578)
Transfers- Joseph Fund	592,533	(592,533)	-	-
- Village Savings and Loan Fund	49,399	(49,399)	-	-
Balance as at June 30, 2020	639,536	2,437,318	2,403,679	5,480,533
Excess of revenue over expenses	426,532	1,742,651	3,505,775	5,674,958
Transfers- Joseph Fund	699,550	(699,550)	-	-
- Village Savings and Loan Fund	44,369	(44,369)	-	-
Balance as at June 30, 2021	\$ 1,809,987	\$ 3,436,050	\$ 5,909,454	\$ 11,155,491

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

World Renew Statement of Cash Flows

For the year ended June 30	2021	2020
Cash flows from operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ 5,674,958	\$ (705,578)
Adjustments to reconcile excess (deficiency) of revenue over expenses to net cash provided by (used in) operating activities		
Amortization of capital assets	1,947	1,953
Unrealized foreign exchange loss (gain) on due from related party	178,909	(41,006)
Changes in non-cash working capital balances		
Accounts receivable	186,673	(290,728)
Prepaid expenses	(25,720)	(24,000)
Field advances	403,310	298,132
Due from related parties	(148,252)	(2,629,022)
Accounts payable and accrued liabilities	244,693	94,874
Deferred contributions	(1,422,270)	279,058
	5,094,248	(3,016,317)
Cash flows from investing activity		
Increase in investment in CFGB	(3,505,775)	(192,124)
Net increase (decrease) in cash	1,588,473	(3,208,441)
Cash, beginning of year	3,544,971	6,753,412
Cash, end of year	\$ 5,133,444	\$ 3,544,971

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

World Renew

Notes to Financial Statements

June 30, 2021

1. Significant Accounting Policies

Nature of Organization

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

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

Basis of Accounting

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

Fund Accounting

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

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

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

Non-designated estate gifts received in any given year are placed in the Joseph Fund. These funds, coupled with specifically designated Joseph Fund gifts, represent the Joseph Fund. The Joseph Fund releases funds into general operations over a period of seven years, 10% in year one and 15% in each of the remaining six years. During the year, gifts of \$1,668,097 (2020 - \$501,616) were made to the Joseph Fund and recognized as contribution revenue. During the year, \$699,550 (2020 - \$592,533) was transferred to the Operating Fund via an interfund transfer.

The Village Savings and Loan Fund consists of specifically designated gifts. Funds are released into general operations when certain program criteria are met over a period of fifteen years, at the rate of approximately 6.67%. During the year, gifts of \$74,554 (2020 - \$65,176) were made to the Village Savings and Loan Fund and recognized as contribution revenue. During the year, \$44,369 (2020 - \$49,399) was transferred to the Operating Fund via an interfund transfer.

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

World Renew

Notes to Financial Statements

June 30, 2021

1. Significant Accounting Policies (Continued)

Revenue Recognition

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

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

Capital Assets

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

Computer equipment	-	3 years
Office equipment	-	10 years

Program Service Expenses

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

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

Domestic program expenses are recorded as the costs are incurred.

Allocation of Support Services

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

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

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

World Renew

Notes to Financial Statements

June 30, 2021

1. Significant Accounting Policies (Continued)

Foreign Currency Translation

At the transaction date, each asset, liability, revenue and expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date and the resulting foreign exchange gains and losses are included in income in the current period.

As at June 30, 2021, there was \$888,432 (2020 - \$840,709) denominated in US dollars included in cash and \$2,106,189 denominated in US dollars due from World Renew USA (2020 - \$1,882,785)

Pension Plan

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

Use of Estimates

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

Financial Instruments

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

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

Income Taxes

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

World Renew Notes to Financial Statements

June 30, 2021

2. Field Advances

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

3. Related Party Balances and Transactions

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

	<u>2021</u>	<u>2020</u>
Due from related parties		
Due from The Christian Reformed Church in North America - Canada Corporation	\$ 2,063,321	\$ 2,138,472
Due from World Renew USA	<u>2,610,410</u>	<u>2,565,916</u>
	<u>\$ 4,673,731</u>	<u>\$ 4,704,388</u>

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

World Renew is affiliated with World Renew USA and certain field projects are jointly funded. Payables to or receivables from World Renew USA result depending upon the original funding sources and availability of funds for the joint field projects. During the year, in connection with the joint field projects, \$1,028,894 (2020 - \$1,592,895) of expenses were allocated to World Renew from World Renew USA, and \$4,637,818 (2020 - \$5,327,490) of expenses were allocated from World Renew to World Renew USA.

World Renew also paid \$815,425 (2020 - \$793,678) to the Christian Reformed Church in North America - Canada Corporation for management and support services.

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

4. Canadian Foodgrains Bank Association Inc.

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

The investment in CFGB represents residual funds held by CFGB for World Renew.

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

World Renew
Notes to Financial Statements

June 30, 2021

5. Capital Assets

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 1,385	\$ 1,385	\$ 1,385	\$ 1,385
Office equipment	43,549	41,157	43,549	39,210
	\$ 44,934	\$ 42,542	\$ 44,934	\$ 40,595
Net book value		\$ 2,392		\$ 4,339

6. Deferred Contributions

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

	2021	2020
Balance, beginning of year	\$ 5,411,445	\$ 5,135,073
Amounts recognized as revenue in the year	(6,958,500)	(6,250,056)
Amounts received related to ongoing projects	5,536,230	6,526,428
	\$ 3,989,175	\$ 5,411,445

7. Credit Facility

The Board has authorized the use of agency funds, on deposit with its banker and incorporated in the cash management system, as collateral for borrowing of the Christian Reformed Church in North America. No amount has been drawn upon this credit facility as at June 30, 2021 (2020 - \$Nil).

8. Pension Plans

Unordained employees of the Christian Reformed Church are covered by a group registered retirement savings plan, under which World Renew contributes a specified percentage of its employees' base salary. During the year ended June 30, 2021, the contributions to the plan were \$275,622 (2020 - \$239,603).

World Renew

Notes to Financial Statements

June 30, 2021

9. Financial Instrument Risks

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. World Renew is exposed to credit risk resulting from the possibility that a counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. World Renew's financial instruments that are exposed to concentrations of credit risk related primarily to its accounts receivable and due from related parties. World Renew is also exposed to credit risk arising from all of its bank accounts being held at one financial institution with deposits exceeding Canadian Deposit Insurance Corporation coverage limits. There have not been any changes in the risk from the prior year.

Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. A significant portion of World Renew's expenses are incurred in foreign countries. World Renew is exposed to foreign exchange fluctuations to the extent that these purchases are denominated in U.S. dollars. World Renew's financial instruments that are exposed to currency risk relate primarily to its cash and due from related parties. World Renew considers this risk to be acceptable and therefore does not hedge its foreign exchange rate risks. There have not been any changes in the risk from the prior year.

10. COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic, resulting in economic uncertainties. As the impacts of COVID-19 continue, there could be further impact on the Organization, its funders and donors. Management is actively monitoring the effect of its financial condition, liquidity, operations, suppliers, sector, and workforce. Given the daily evolution of the COVID-19 pandemic and the global responses to curb its spread, the Organization is not able to fully estimate the effects of the COVID-19 pandemic on its results of operations, financial condition, or liquidity at this time.

11. Comparative Figures

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

World Renew

Schedule of Overseas Development Programs Expenses

For the year ended June 30	2021	2020
Bangladesh	\$ -	\$ 320,109
Cambodia	(2,848)	25,107
Development Team	680,486	672,237
East Africa Ministry Team	128,947	-
Guatemala	(286)	17,096
Haiti	6,000	16,206
Honduras	334,655	129,080
India	-	6,738
Kenya	696,558	648,935
Laos	514,610	528,951
Malawi	197,144	330,328
Mali	66,806	34,184
Mexico	(344)	-
Mozambique	254,233	234,204
Nicaragua	(3,586)	80,861
Niger	10,930	17,127
Nigeria	4,230	11,240
Senegal	10,115	18,486
Sierra Leone	5,696	17,740
Tanzania	346,020	405,898
Uganda	366,515	328,212
Zambia	376,940	443,876
	\$ 3,992,821	\$ 4,286,615

World Renew
Schedule of Disaster Programs Expenses

For the year ended June 30	2021	2020
Africa Famine and Drought Relief	\$ 10,890	\$ 984,003
Bangladesh	29,265	-
East Africa Conservation Agriculture	8,776	161,654
General North America	115,865	92,374
General Overseas	(97,085)	(81,965)
Haiti	-	(7,764)
Indonesia	1,376,635	1,611,065
Central America Hurricane Relief	150,006	-
Nepal Earthquake Response	345,008	412,277
India	183,812	-
Philippines	204,217	146,986
Relief Team	577,601	980,147
South Sudan	-	23,915
Syria and Lebanon	271,252	7,942
	\$ 3,176,242	\$ 4,330,634
