

World Renew  
(Incorporated in Canada)  
Financial Statements  
For the year ended June 30, 2022

**World Renew**  
**Financial Statements**  
For the year ended June 30, 2022

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## Independent Auditor's Report

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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, 2022, and the statements of activities, 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, 2022, 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, 2022 and 2021, current assets as at June 30, 2022 and 2021, and net assets as at July 1 and June 30 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended June 30, 2021 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  
November 28, 2022

**World Renew  
Statement of Financial Position**

**June 30, 2022**

	Operating	Board Designated	CFGB	Total
<b>Assets</b>				
<b>Current</b>				
Cash	\$ 9,659,403	\$ 4,081,278	-	\$ 13,740,681
Accounts receivable	101,155	-	-	101,155
Prepaid expenses	32,431	-	-	32,431
Field advances (Note 2)	266,883	-	-	266,883
Due from related parties (Note 3)	2,000,000	-	-	2,000,000
	<u>12,059,872</u>	<u>4,081,278</u>	<u>-</u>	<u>16,141,150</u>
Investment in CFGB (Note 4)	-	-	7,233,587	7,233,587
Capital assets (Note 5)	444	-	-	444
	<u>\$ 12,060,316</u>	<u>\$ 4,081,278</u>	<u>\$ 7,233,587</u>	<u>\$ 23,375,181</u>

**Liabilities**

<b>Current</b>				
Accounts payable and accrued liabilities	\$ 814,609	-	-	\$ 814,609
Due to related parties (Note 3)	663,468	-	-	663,468
Deferred contributions (Note 6)	5,560,303	-	-	5,560,303
	<u>7,038,380</u>	<u>-</u>	<u>-</u>	<u>7,038,380</u>

**Net Assets**

Operating	5,021,936	-	-	5,021,936
Restricted				
Board designated	-	4,081,278	-	4,081,278
CFGB (Note 4)	-	-	7,233,587	7,233,587
	<u>5,021,936</u>	<u>4,081,278</u>	<u>7,233,587</u>	<u>16,336,801</u>
	<u>\$ 12,060,316</u>	<u>\$ 4,081,278</u>	<u>\$ 7,233,587</u>	<u>\$ 23,375,181</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, 2021

	Operating	Board Designated	CFGB	Total
<b>Assets</b>				
<b>Current</b>				
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
	6,626,748	3,436,050	-	10,062,798
<b>Investment in CFGB (Note 4)</b>	-	-	5,909,454	5,909,454
<b>Capital assets (Note 5)</b>	2,392	-	-	2,392
	\$ 6,629,140	\$ 3,436,050	\$ 5,909,454	\$ 15,974,644
<b>Liabilities</b>				
<b>Current</b>				
Accounts payable and accrued liabilities	\$ 829,978	\$ -	\$ -	\$ 829,978
Deferred contributions (Note 6)	3,989,175	-	-	3,989,175
	4,819,153	-	-	4,819,153
<b>Net Assets</b>				
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
	1,809,987	3,436,050	5,909,454	11,155,491
	\$ 6,629,140	\$ 3,436,050	\$ 5,909,454	\$ 15,974,644

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

## World Renew Statement of Activities

For the year ended June 30, 2022

	Operating	Board Designated	CFGB	Total
<b>Revenue</b>				
Contributions				
Development programs	\$ 3,476,027	\$ -	\$ -	\$ 3,476,027
Disaster programs	2,787,415	-	5,365,983	8,153,398
Unspecified	4,799,603	1,539,635	-	6,339,238
	<b>11,063,045</b>	<b>1,539,635</b>	<b>5,365,983</b>	<b>17,968,663</b>
Other revenue				
Government sourced contributions (Note 4)	-	-	9,300,064	9,300,064
Grants from others	2,307,768	-	-	2,307,768
Investment income (expense)	(73,852)	-	-	(73,852)
	<b>13,296,961</b>	<b>1,539,635</b>	<b>14,666,047</b>	<b>29,502,643</b>
<b>Expenses</b>				
Program services				
Overseas development (Schedule)	3,134,905	-	-	3,134,905
Disaster programs (Schedule)	3,064,506	-	-	3,064,506
Domestic development	320,758	-	-	320,758
Education and justice	719,342	-	-	719,342
CFGB (Note 4)	-	-	13,341,914	13,341,914
Total program services	<b>7,239,511</b>	<b>-</b>	<b>13,341,914</b>	<b>20,581,425</b>
Support services				
Resource development	1,470,254	-	-	1,470,254
Management and general	2,269,654	-	-	2,269,654
Total support services	<b>3,739,908</b>	<b>-</b>	<b>-</b>	<b>3,739,908</b>
	<b>10,979,419</b>	<b>-</b>	<b>13,341,914</b>	<b>24,321,333</b>
<b>Excess of revenue over expenses</b>	<b>\$ 2,317,542</b>	<b>\$ 1,539,635</b>	<b>\$ 1,324,133</b>	<b>\$ 5,181,310</b>

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
<b>Revenue</b>				
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
<b>Expenses</b>				
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
<b>Excess of revenue over expenses</b>	<b>\$ 426,532</b>	<b>\$ 1,742,651</b>	<b>\$ 3,505,775</b>	<b>\$ 5,674,958</b>

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

## World Renew Schedule of Functional Expenses

For the year ended June 30, 2022

	Program Services					Support Services				
	Overseas Development	Disaster Programs	Domestic Development	Education and Justice	CFGB	Total	Resource Development	Management and General	Total	Total
<b>Expenses</b>										
Salaries	\$ 732,784	\$ 597,022	\$ 220,342	\$ 143,737	\$ -	\$ 1,693,885	\$ 957,106	\$ 314,228	\$ 1,271,334	\$ 2,965,219
Employee benefits	210,205	111,564	47,564	27,301	-	396,634	214,362	70,887	285,249	681,883
Total salaries and benefits	942,989	708,586	267,906	171,038	-	2,090,519	1,171,468	385,115	1,556,583	3,647,102
Home office costs										
Operations (recoveries)	86,480	(63,586)	33,168	42,006	-	98,068	584,191	1,859,214	2,443,405	2,541,473
Printed materials	-	-	28	-	-	28	23,293	-	23,293	23,321
Travel	150	9,594	586	8,612	-	18,942	38,716	3,797	42,513	61,455
Facilities and equipment	24,000	38,400	18,861	4,800	-	86,061	57,600	21,148	78,748	164,809
Training/education	59,456	4,815	165	-	-	64,436	6,970	30	7,000	71,436
Promotional events and mailings	-	189	44	-	-	233	54,662	350	55,012	55,245
Allocation	-	-	-	492,886	-	492,886	(466,646)	-	(466,646)	26,240
Total home office costs	170,086	(10,588)	52,852	548,304	-	760,654	298,786	1,884,539	2,183,325	2,943,979
Field Costs										
Travel	121,109	16,165	-	-	-	137,274	-	-	-	137,274
Vehicle	81,801	-	-	-	-	81,801	-	-	-	81,801
Housing	171,057	46,936	-	-	-	217,993	-	-	-	217,993
Field office costs	133,418	613	-	-	-	134,031	-	-	-	134,031
Capital expenses	-	47,608	-	-	-	47,608	-	-	-	47,608
Training/education	121,840	-	-	-	-	121,840	-	-	-	121,840
Field staff costs	541,649	66,032	-	-	-	607,681	-	-	-	607,681
Objective costs										
Agriculture	66,761	-	-	-	-	66,761	-	-	-	66,761
Income generation	10,178	-	-	-	-	10,178	-	-	-	10,178
Health	79,847	-	-	-	-	79,847	-	-	-	79,847
HIV/AIDS awareness and prevention	18,397	-	-	-	-	18,397	-	-	-	18,397
Literacy	9,851	-	-	-	-	9,851	-	-	-	9,851
Community development	302,966	-	-	-	-	302,966	-	-	-	302,966
Diaconal development	177,576	-	-	-	-	177,576	-	-	-	177,576
Justice	64,986	-	-	-	-	64,986	-	-	-	64,986
Disaster relief and food security	-	2,189,154	-	-	13,341,914	15,531,068	-	-	-	15,531,068
Organizational capacity development	101,134	-	-	-	-	101,134	-	-	-	101,134
Water projects	-	-	-	-	-	-	-	-	-	-
Other	67,754	-	-	-	-	67,754	-	-	-	67,754
Miscellaneous	(48,494)	-	-	-	-	(48,494)	-	-	-	(48,494)
Total field costs	2,021,830	2,366,508	-	-	13,341,914	17,730,252	-	-	-	17,730,252
<b>Total expenses</b>	<b>\$ 3,134,905</b>	<b>\$ 3,064,506</b>	<b>\$ 320,758</b>	<b>\$ 719,342</b>	<b>\$ 13,341,914</b>	<b>\$ 20,581,425</b>	<b>\$ 1,470,254</b>	<b>\$ 2,269,654</b>	<b>\$ 3,739,908</b>	<b>\$ 24,321,333</b>

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
<b>Expenses</b>										
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
<b>Total salaries and benefits</b>	<b>1,496,591</b>	<b>566,570</b>	<b>260,435</b>	<b>116,218</b>	<b>-</b>	<b>2,439,814</b>	<b>1,147,010</b>	<b>339,473</b>	<b>1,486,483</b>	<b>3,926,297</b>
<b>Home office costs</b>										
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
<b>Total home office costs</b>	<b>241,564</b>	<b>113,003</b>	<b>43,194</b>	<b>786,742</b>	<b>-</b>	<b>1,184,503</b>	<b>412,593</b>	<b>1,031,670</b>	<b>1,444,263</b>	<b>2,628,766</b>
<b>Field Costs</b>										
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
<b>Objective costs</b>										
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
Diagonal 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)
<b>Total field costs</b>	<b>2,254,666</b>	<b>2,496,669</b>	<b>-</b>	<b>-</b>	<b>7,767,425</b>	<b>12,518,760</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,518,760</b>
<b>Total expenses</b>	<b>\$ 3,992,821</b>	<b>\$ 3,176,242</b>	<b>\$ 303,629</b>	<b>\$ 902,960</b>	<b>\$ 7,767,425</b>	<b>\$ 16,143,077</b>	<b>\$ 1,559,603</b>	<b>\$ 1,371,143</b>	<b>\$ 2,930,746</b>	<b>\$ 19,073,823</b>

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

## World Renew Statement of Changes in Net Assets

**For the year ended June 30**

	Operating	Board Designated	CFGB	Total
<b>Balance as at June 30, 2020</b>	\$ 639,536	\$ 2,437,318	\$ 2,403,679	\$ 5,480,533
Excess (deficiency) 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)	-	-
<b>Balance as at June 30, 2021</b>	<b>1,809,987</b>	<b>3,436,050</b>	<b>5,909,454</b>	<b>11,155,491</b>
Excess of revenue over expenses	2,317,542	1,539,635	1,324,133	5,181,310
Transfers- Joseph Fund	839,628	(839,628)	-	-
- Village Savings and Loan Fund	54,779	(54,779)	-	-
<b>Balance as at June 30, 2022</b>	<b>\$ 5,021,936</b>	<b>\$ 4,081,278</b>	<b>\$ 7,233,587</b>	<b>\$ 16,336,801</b>

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

## World Renew Statement of Cash Flows

For the year ended June 30	2022	2021
<b>Cash flows from operating activities</b>		
Excess of revenue over expenses for the year	\$ 5,181,310	\$ 5,674,958
Adjustments to reconcile excess of revenue over expenses to net cash provided by (used in) operating activities		
Amortization of capital assets	1,948	1,947
Unrealized foreign exchange loss on due from related party	590,694	178,909
Changes in non-cash working capital balances		
Accounts receivable	27,616	186,673
Prepaid expenses	33,019	(25,720)
Field advances	(205,481)	403,310
Due from related parties	2,083,037	(148,252)
Accounts payable and accrued liabilities	(15,369)	244,693
Due to related party	663,468	-
Deferred contributions	1,571,128	(1,422,270)
	9,931,370	5,094,248
<b>Cash flows from investing activity</b>		
Increase in investment in CFGB	(1,324,133)	(3,505,775)
<b>Net increase in cash</b>	8,607,237	1,588,473
<b>Cash, beginning of year</b>	5,133,444	3,544,971
<b>Cash, end of year</b>	\$ 13,740,681	\$ 5,133,444

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

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# World Renew

## Notes to Financial Statements

June 30, 2022

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### 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 \$1,533,495 (2021 - \$1,668,097) were made to the Joseph Fund and recognized as contribution revenue. During the year, \$839,628 (2021 - \$699,550) 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 \$6,140 (2021 - \$74,554) were made to the Village Savings and Loan Fund and recognized as contribution revenue. During the year, \$54,779 (2021 - \$44,369) was transferred to the Operating Fund via an interfund transfer.

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

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# World Renew

## Notes to Financial Statements

**June 30, 2022**

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### 1. Significant Accounting Policies (Continued)

#### Revenue Recognition

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

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

#### Capital Assets

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

Computer equipment	-	3 years
Office equipment	-	10 years

#### Program Service Expenses

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

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

Domestic program expenses are recorded as the costs are incurred.

#### Allocation of Support Services

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

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

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

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# World Renew

## Notes to Financial Statements

June 30, 2022

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### 1. Significant Accounting Policies (Continued)

#### Foreign Currency Translation

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

As at June 30, 2022, there was \$1,275,158 (2021 - \$888,432) denominated in US dollars included in cash and \$299,627 denominated in US dollars due to World Renew USA (2021 - \$2,610,410 due from World Renew USA)

#### Pension Plan

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

#### Use of Estimates

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

#### Financial Instruments

Financial instruments are recorded at fair value 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, 2022**

### 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:

	<b>2022</b>	2021
<b>Due from related parties</b>		
Due from The Christian Reformed Church in North America - Canada Corporation	<b>\$ 2,000,000</b>	\$ 2,063,321
Due from World Renew USA	-	2,610,410
	<b>\$ 2,000,000</b>	\$ 4,673,731
<b>Due to related party</b>		
Due to The Christian Reformed Church in North America	<b>\$ 277,369</b>	-
Due to World Renew USA	<b>386,099</b>	-
	<b>\$ 663,468</b>	\$ -

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

World Renew is affiliated with World Renew USA and certain field projects are jointly funded. Payables to or receivables from World Renew USA result depending upon the original funding sources and availability of funds for the joint field projects. During the year, in connection with the joint field projects, \$4,391,839 (2021 - \$1,028,894) of expenses were allocated to World Renew from World Renew USA, and \$3,863,679 (2021 - \$4,637,818) of expenses were allocated from World Renew to World Renew USA.

World Renew also paid \$801,929 (2021 - \$815,425) 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.

## World Renew Notes to Financial Statements

**June 30, 2022**

### 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.

### 5. Capital Assets

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 1,385	\$ 1,385	\$ 1,385	\$ 1,385
Office equipment	43,548	43,104	43,549	41,157
	<b>\$ 44,933</b>	<b>\$ 44,489</b>	<b>\$ 44,934</b>	<b>\$ 42,542</b>
Net book value		<b>\$ 444</b>		<b>\$ 2,392</b>

### 6. Deferred Contributions

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

	2022	2021
Balance, beginning of year	\$ 3,989,175	\$ 5,411,445
Amounts recognized as revenue in the year	(4,773,818)	(6,958,500)
Amounts received related to ongoing projects	6,344,946	5,536,230
Balance, end of year	<b>\$ 5,560,303</b>	<b>\$ 3,989,175</b>

### 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, 2022 (2021 - \$Nil).

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# World Renew

## Notes to Financial Statements

June 30, 2022

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### 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, 2022, the contributions to the plan were \$247,887 (2021 - \$275,622).

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### 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.

#### Liquidity Risk

Liquidity risk is the risk that World Renew will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, World Renew will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. World Renew is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and due to related parties.

#### 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.

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### 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.

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## World Renew

### Schedule of Overseas Development Programs Expenses

For the year ended June 30	2022	2021
Cambodia	\$ -	\$ (2,848)
Development Team	<b>529,426</b>	680,486
East Africa Ministry Team	-	128,947
Guatemala	-	(286)
Haiti	<b>549</b>	6,000
Honduras	<b>337,501</b>	334,655
Kenya		<b>678,071</b>
Laos	<b>108,412</b>	514,610
Malawi	<b>225,136</b>	197,144
Mali	<b>62,076</b>	66,806
Mexico	-	(344)
Mozambique	<b>263,861</b>	254,233
Nicaragua	<b>34,304</b>	(3,586)
Niger	<b>19,516</b>	10,930
Nigeria	<b>2,795</b>	4,230
Senegal	<b>18,561</b>	10,115
Sierra Leone	-	5,696
Tanzania	<b>420,890</b>	346,020
Uganda	-	366,515
Zambia	<b>433,807</b>	376,940
	<b>\$ 3,134,905</b>	<b>\$ 3,992,821</b>

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

<b>For the year ended June 30</b>	<b>2022</b>	<b>2021</b>
General North America	<b>539,339</b>	115,865
General Overseas	<b>(38,532)</b>	(57,913)
Haiti	<b>486,914</b>	9,759
Indonesia	<b>147,160</b>	1,376,635
Central America Hurricane Relief	<b>58,800</b>	150,006
Madagascar	<b>932,229</b>	-
Nepal Earthquake Response	<b>2,819</b>	345,008
India	-	183,812
Philippines	<b>158,523</b>	204,217
Relief Team	<b>696,576</b>	577,601
Syria and Lebanon	<b>80,678</b>	271,252
	<b>\$ 3,064,506</b>	<b>\$ 3,176,242</b>

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