

World Renew
(Incorporated in Canada)
Financial Statements
For the year ended June 30, 2018

World Renew
Financial Statements
For the year ended June 30, 2018

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Independent Auditor's Report

To the Governing Board of World Renew

We have audited the accompanying financial statements of World Renew, which comprise the statement of financial position as at June 30, 2018, and the statements of activities and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to World Renew's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of World Renew's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, World Renew derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of World Renew. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess (deficiency) of revenue over expenses, and cash flows from operations for the years ended June 30, 2018 and 2017, current assets as at June 30, 2018 and 2017 and net assets as at July 1 and June 30 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended June 30, 2017 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of World Renew as at June 30, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Burlington, Ontario
November 22, 2018

World Renew Statement of Financial Position

June 30, 2018

	Operating	Board Designated	CFGB	Total
Assets				
Current				
Cash	\$ 5,465,459	\$ 3,109,110	\$ -	\$ 8,574,569
Accounts receivable	173,946	-	-	173,946
Prepaid expenses	15,730	-	-	15,730
Field advances (Note 2)	706,530	-	-	706,530
Due from related parties (Note 3)	1,921,348	-	-	1,921,348
	8,283,013	3,109,110	-	11,392,123
Investment in CFGB (Note 4)	-	-	1,111,938	1,111,938
Capital assets (Note 5)	8,418	-	-	8,418
	\$ 8,291,431	\$ 3,109,110	\$ 1,111,938	\$ 12,512,479
Liabilities				
Current				
Accounts payable and accrued liabilities	\$ 435,029	\$ -	\$ -	\$ 435,029
Deferred contributions (Note 6)	7,058,872	-	-	7,058,872
	7,493,901	-	-	7,493,901
Net Assets				
Operating	797,530	-	-	797,530
Restricted				
Board designated	-	3,109,110	-	3,109,110
CFGB (Note 4)	-	-	1,111,938	1,111,938
	797,530	3,109,110	1,111,938	5,018,578
	\$ 8,291,431	\$ 3,109,110	\$ 1,111,938	\$ 12,512,479

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, 2017

	Operating	Board Designated	CFGB	Total
Assets				
Current				
Cash	\$ 6,228,997	\$ 2,801,412	\$ -	\$ 9,030,409
Accounts receivable	352,629	-	-	352,629
Prepaid expenses	36,074	-	-	36,074
Field advances (Note 2)	775,320	-	-	775,320
Due from related parties (Note 3)	2,067,778	-	-	2,067,778
	9,460,798	2,801,412	-	12,262,210
Investment in CFGB (Note 4)	-	-	637,192	637,192
Capital assets (Note 5)	11,937	-	-	11,937
	\$ 9,472,735	\$ 2,801,412	\$ 637,192	\$ 12,911,339
Liabilities				
Current				
Accounts payable and accrued liabilities	\$ 599,417	\$ -	\$ -	\$ 599,417
Deferred contributions (Note 6)	7,323,147	-	-	7,323,147
	7,922,564	-	-	7,922,564
Net Assets				
Operating	1,550,171	-	-	1,550,171
Restricted				
Board designated	-	2,801,412	-	2,801,412
CFGB (Note 4)	-	-	637,192	637,192
	1,550,171	2,801,412	637,192	4,988,775
	\$ 9,472,735	\$ 2,801,412	\$ 637,192	\$ 12,911,339

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

World Renew Statement of Activities

For the year ended June 30, 2018

	Operating	Board Designated	CFGB	Total
Revenue				
Contributions				
Development programs	\$ 3,889,689	\$ -	\$ -	\$ 3,889,689
Disaster programs	3,202,102	-	2,587,210	5,789,312
Unspecified	3,995,508	760,004	-	4,755,512
	11,087,299	760,004	2,587,210	14,434,513
Other revenue				
Direct government contributions (Note 4 and 7)	703,783	-	6,306,690	7,010,473
Grants from others	2,322,136	-	-	2,322,136
Investment income and other	243,001	-	-	243,001
	14,356,219	760,004	8,893,900	24,010,123
Expenses				
Program services				
Overseas development (Schedule)	6,865,617	-	-	6,865,617
Disaster programs (Schedule)	4,183,255	-	-	4,183,255
Domestic development	233,129	-	-	233,129
Education and justice	801,339	-	-	801,339
CFGB (Note 4)	-	-	8,419,154	8,419,154
Total program services	12,083,340	-	8,419,154	20,502,494
Support services				
Resource development	2,168,060	-	-	2,168,060
Management and general	1,309,766	-	-	1,309,766
Total support services	3,477,826	-	-	3,477,826
	15,561,166	-	8,419,154	23,980,320
Excess (deficiency) of revenue over expenses	\$ (1,204,947)	\$ 760,004	\$ 474,746	\$ 29,803

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

World Renew Statement of Activities

For the year ended June 30, 2017

	Operating	Board Designated	CFGB	Total
Revenue				
Contributions				
Development programs	\$ 3,702,124	\$ -	\$ -	\$ 3,702,124
Disaster programs	2,616,538	-	2,217,209	4,833,747
Unspecified	4,771,428	291,418	-	5,062,846
	11,090,090	291,418	2,217,209	13,598,717
Other revenue				
Direct government contributions (Note 4 and 7)	1,385,732	-	5,835,567	7,221,299
Grants from others	4,195,903	-	-	4,195,903
Investment income and other	209,390	-	-	209,390
	16,881,115	291,418	8,052,776	25,225,309
Expenses				
Program services				
Overseas development (Schedule)	8,125,065	-	-	8,125,065
Disaster programs (Schedule)	4,071,241	-	-	4,071,241
Domestic development	189,040	-	-	189,040
Education and justice	698,128	-	-	698,128
CFGB (Note 4)	-	-	8,547,463	8,547,463
Total program services	13,083,474	-	8,547,463	21,630,937
Support services				
Resource development	1,580,279	-	-	1,580,279
Management and general	1,300,761	-	-	1,300,761
Total support services	2,881,040	-	-	2,881,040
	15,964,514	-	8,547,463	24,511,977
Excess (deficiency) of revenue over expenses	\$ 916,601	\$ 291,418	\$ (494,687)	\$ 713,332

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

World Renew

Schedule of Functional Expenses

For the year ended June 30, 2018

	Program Services						Support Services			
	Overseas Development	Disaster Programs	Domestic Development	Education and Justice	CFGB	Total	Resource Development	Management and General	Total	Total
Expenses										
Salaries	\$ 1,175,927	\$ 548,731	\$ 149,028	\$ 104,817	\$ -	\$ 1,978,503	\$ 701,738	\$ 343,656	\$ 1,045,394	\$ 3,023,897
Employee benefits	527,733	126,742	35,689	21,357	-	711,521	152,884	62,910	215,794	927,315
Total salaries and benefits	1,703,660	675,473	184,717	126,174	-	2,690,024	854,622	406,566	1,261,188	3,951,212
Home office costs										
Operations	78,849	477,634	31,453	136,809	-	724,745	1,389,841	855,793	2,245,634	2,970,379
Printed materials	-	2,752	-	1,047	-	3,799	54,854	603	55,457	59,256
Travel	29,076	66,892	3,434	22,352	-	121,754	62,196	26,380	88,576	210,330
Facilities and equipment	9,281	32,625	13,500	35,428	-	90,834	40,500	17,862	58,362	149,196
Training/education	7,688	14,926	25	63,849	-	86,488	123,800	2,443	126,243	212,731
Promotional events and mailings	-	3,747	-	-	-	3,747	57,927	119	58,046	61,793
Allocation	-	-	-	415,680	-	415,680	(415,680)	-	(415,680)	-
Total home office costs	124,894	598,576	48,412	675,165	-	1,447,047	1,313,438	903,200	2,216,638	3,663,685
Field Costs										
Travel	358,555	262,175	-	-	-	620,730	-	-	-	620,730
Vehicle	114,816	25,087	-	-	-	139,903	-	-	-	139,903
Housing	221,688	8,815	-	-	-	230,503	-	-	-	230,503
Field office costs	234,653	21,493	-	-	-	256,146	-	-	-	256,146
Recovery of expenses	-	(82,145)	-	-	-	(82,145)	-	-	-	(82,145)
Training/education	102,202	-	-	-	-	102,202	-	-	-	102,202
Planning/consultation	11,962	-	-	-	-	11,962	-	-	-	11,962
Field staff costs	658,163	167,697	-	-	-	825,860	-	-	-	825,860
Objective costs										
Agriculture	330,893	-	-	-	-	330,893	-	-	-	330,893
Income generation	53,186	-	-	-	-	53,186	-	-	-	53,186
Health	465,242	-	-	-	-	465,242	-	-	-	465,242
HIV/AIDS awareness and prevention	49,624	-	-	-	-	49,624	-	-	-	49,624
Literacy	342,256	-	-	-	-	342,256	-	-	-	342,256
Community development	1,448,889	-	-	-	-	1,448,889	-	-	-	1,448,889
Diagonal development	92,587	-	-	-	-	92,587	-	-	-	92,587
Justice	114,369	-	-	-	-	114,369	-	-	-	114,369
Disaster relief and food security	-	2,506,084	-	-	8,419,154	10,925,238	-	-	-	10,925,238
Organizational capacity development	158,802	-	-	-	-	158,802	-	-	-	158,802
Environment	5,461	-	-	-	-	5,461	-	-	-	5,461
Water projects	54,605	-	-	-	-	54,605	-	-	-	54,605
Other	133,250	-	-	-	-	133,250	-	-	-	133,250
Miscellaneous	85,860	-	-	-	-	85,860	-	-	-	85,860
Total field costs	5,037,063	2,909,206	-	-	8,419,154	16,365,423	-	-	-	16,365,423
Total expenses	\$ 6,865,617	\$ 4,183,255	\$ 233,129	\$ 801,339	\$ 8,419,154	\$ 20,502,494	\$ 2,168,060	\$ 1,309,766	\$ 3,477,826	\$ 23,980,320

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

World Renew

Schedule of Functional Expenses

For the year ended June 30, 2017

	Program Services					Support Services				
	Overseas Development	Disaster Programs	Domestic Development	Education and Justice	CFGB	Total	Resource Development	Management and General	Total	Total
Expenses										
Salaries	\$ 1,386,055	\$ 655,845	\$ 129,193	\$ 125,990	\$ -	\$ 2,297,083	\$ 586,463	\$ 288,976	\$ 875,439	\$ 3,172,522
Employee benefits	491,776	128,851	23,961	29,679	-	674,267	146,174	62,980	209,154	883,421
Total salaries and benefits	1,877,831	784,696	153,154	155,669	-	2,971,350	732,637	351,956	1,084,593	4,055,943
Home office costs										
Operations	50,151	294,497	26,020	140,301	-	510,969	1,022,740	898,064	1,920,804	2,431,773
Printed materials	81	4,789	321	-	-	5,191	82,497	116	82,613	87,804
Travel	43,258	58,784	2,635	22,139	-	126,816	64,998	33,890	98,888	225,704
Facilities and equipment	2,856	19,991	6,895	23,024	-	52,766	12,852	10,854	23,706	76,472
Training/education	4,832	32,865	-	-	-	37,697	4,129	1,886	6,015	43,712
Promotional events and mailings	-	27	15	247	-	289	80,613	3,995	84,608	84,897
Allocation	-	-	-	420,187	-	420,187	(420,187)	-	(420,187)	-
Total home office costs	101,178	410,953	35,886	605,898	-	1,153,915	847,642	948,805	1,796,447	2,950,362
Field Costs										
Travel	328,871	224,433	-	-	-	553,304	-	-	-	553,304
Vehicle	118,013	10,125	-	-	-	128,138	-	-	-	128,138
Housing	204,625	128,265	-	-	-	332,890	-	-	-	332,890
Field office costs	200,174	37,113	-	-	-	237,287	-	-	-	237,287
Capital expenses	-	59,120	-	-	-	59,120	-	-	-	59,120
Training/education	83,010	-	-	-	-	83,010	-	-	-	83,010
Planning/consultation	3,051	-	-	-	-	3,051	-	-	-	3,051
Field staff costs	619,659	146,663	-	-	-	766,322	-	-	-	766,322
Objective costs										
Agriculture	527,427	-	-	-	-	527,427	-	-	-	527,427
Income generation	117,946	-	-	-	-	117,946	-	-	-	117,946
Health	718,040	-	-	-	-	718,040	-	-	-	718,040
HIV/AIDS awareness and prevention	64,741	-	-	-	-	64,741	-	-	-	64,741
Literacy	326,679	-	-	-	-	326,679	-	-	-	326,679
Community development	1,988,710	-	-	-	-	1,988,710	-	-	-	1,988,710
Diagonal development	67,370	-	-	-	-	67,370	-	-	-	67,370
Justice	171,302	-	-	-	-	171,302	-	-	-	171,302
Disaster relief and food security	-	2,269,873	-	-	8,547,463	10,817,336	-	-	-	10,817,336
Organizational capacity development	176,951	-	-	-	-	176,951	-	-	-	176,951
Environment	1,469	-	-	-	-	1,469	-	-	-	1,469
Water projects	15,920	-	-	-	-	15,920	-	-	-	15,920
Other	149,597	-	-	-	-	149,597	-	-	-	149,597
Miscellaneous	262,501	-	-	(63,439)	-	199,062	-	-	-	199,062
Total field costs	6,146,056	2,875,592	-	(63,439)	8,547,463	17,505,672	-	-	-	17,505,672
Total expenses	\$ 8,125,065	\$ 4,071,241	\$ 189,040	\$ 698,128	\$ 8,547,463	21,630,937	\$ 1,580,279	\$ 1,300,761	\$ 2,881,040	\$ 24,511,977

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, 2016	\$ 179,914	\$ 2,963,650	\$ 1,131,879	\$ 4,275,443
Excess (deficiency) of revenue over expenses	916,601	291,418	(494,687)	713,332
Transfers- Joseph Fund	410,452	(410,452)	-	-
- Village Savings and Loan Fund	43,204	(43,204)	-	-
Balance as at June 30, 2017	1,550,171	2,801,412	637,192	4,988,775
Excess (deficiency) of revenue over expenses	(1,204,947)	760,004	474,746	29,803
Transfers- Joseph Fund	407,782	(407,782)	-	-
- Village Savings and Loan Fund	44,524	(44,524)	-	-
Balance as at June 30, 2018	\$ 797,530	\$ 3,109,110	\$ 1,111,938	\$ 5,018,578

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

World Renew Statement of Cash Flows

For the year ended June 30	2018	2017
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	\$ 29,803	\$ 713,332
Adjustments to reconcile excess of revenue over expenses to net cash provided by (used in) operating activities		
Amortization of capital assets	3,519	2,286
Unrealized foreign exchange loss on due from related party	1,884	46,067
Changes in non-cash working capital balances		
Accounts receivable	178,683	(97,956)
Prepaid expenses	20,344	(22,838)
Field advances	68,790	639,143
Due from related parties	144,546	121,424
Accounts payable and accrued liabilities	(164,388)	(78,652)
Due to related party	-	(473,874)
Deferred contributions	(264,275)	554,017
	18,906	1,402,949
Investing activities		
Increase/decrease in investment in CFGB	(474,746)	494,687
Purchase of capital assets	-	(8,721)
	(474,746)	485,966
Net increase (decrease) in cash	(455,840)	1,888,915
Cash, beginning of year	9,030,409	7,141,494
Cash, end of year	\$ 8,574,569	\$ 9,030,409

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

World Renew Notes to Financial Statements

June 30, 2018

1. Significant Accounting Policies

Nature of Organization

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

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

Basis of Accounting

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

Fund Accounting

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

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

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

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 \$740,205 (2017 - \$284,768) were made to the Joseph Fund and recognized as contribution revenue. During the year, \$407,782 (2017 - \$410,452) 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 \$19,799 (2017 - \$6,650) were made to the Village Savings and Loan Fund and recognized as contribution revenue. During the year, \$44,524 (2017 - \$43,204) 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, 2018

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, 2018

1. Significant Accounting Policies (Continued)

Foreign Currency Translation

At the transaction date, each asset, liability, revenue and expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date and the resulting foreign exchange gains and losses are included in income in the current period. Foreign exchange gains of \$40,318 (2017 - \$33,731) are included in management and general support service expenses. Unrealized foreign exchange losses of \$1,884 (2017 - \$46,067) are included within the program services expenses.

As at June 30, 2018, there was \$402,828 (2017 - \$621,078) denominated in US dollars included in cash and \$6,030 denominated in US dollars due from World Renew USA (2017 - \$200,811)

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 when acquired. 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. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are 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.

Income Taxes

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

2. Field Advances

Field advances 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.

World Renew Notes to Financial Statements

June 30, 2018

3. Related Party Balances and Transactions

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

	<u>2018</u>	<u>2017</u>
Due from related parties		
Due from The Christian Reformed Church in North America - Canada Corporation	\$ 1,913,408	\$ 1,866,967
Due from World Renew USA	<u>7,940</u>	<u>200,811</u>
	<u>\$ 1,921,348</u>	<u>\$ 2,067,778</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, \$2,405,929 (2017 - \$2,568,893) of expenses were allocated to World Renew from World Renew USA, and \$2,185,898 (2017 - \$3,243,578) of expenses were allocated from World Renew to World Renew USA.

World Renew also paid \$1,264,130 (2017 - \$1,250,010) 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 (formerly the Department of Foreign Affairs, Trade and Development), 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 the CFGB and would be directed towards an approved program and/or a standing partner of CFGB.

World Renew Notes to Financial Statements

June 30, 2018

5. Capital Assets

	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 1,385	\$ 1,385	\$ 1,385	\$ 730
Office equipment	43,549	35,131	71,162	59,880
	<u>\$ 44,934</u>	<u>\$ 36,516</u>	<u>\$ 72,547</u>	<u>\$ 60,610</u>
Net book value		<u>\$ 8,418</u>		<u>\$ 11,937</u>

6. Deferred Contributions

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

	2018	2017
Balance, beginning of year	\$ 7,323,147	\$ 6,769,130
Amounts recognized as revenue in the year	(6,454,295)	(8,300,871)
Amounts received related to ongoing projects	<u>6,190,020</u>	<u>8,854,888</u>
Balance, end of year	<u>\$ 7,058,872</u>	<u>\$ 7,323,147</u>

World Renew Notes to Financial Statements

June 30, 2018

7. Government Contributions

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

	2018	2017
Global Affairs Canada:		
Bangladesh	\$ 96,438	\$ 207,167
Honduras	134,568	252,298
Malawi	-	(15,138)
Mali	69,626	173,533
Mozambique	123,790	171,836
Nigeria	-	44,095
Senegal	-	121,408
Tanzania	92,800	161,032
	517,222	1,116,231
Canadian program administration	109,429	112,469
Administration overhead allocation	77,132	157,032
	\$ 703,783	\$ 1,385,732

8. Credit Facility

The Board has authorized the use of agency funds, on deposit with its banker and incorporated in the cash management system, as collateral for borrowing of the Christian Reformed Church in North America. No amount has been drawn upon this credit facility as at June 30, 2018 (2017 - \$Nil).

9. Pension Plans

Unordained employees of the Christian Reformed Church are covered by a group registered retirement savings plan, under which World Renew contributes a specified percentage of its employees' base salary. During the year ended June 30, 2018, the contributions to the plan were \$273,411 (2017 - \$260,197).

World Renew Notes to Financial Statements

June 30, 2018

10. 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. World Renew's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivable, field advances and due from related parties. This risk has not changed from the prior year.

Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. A significant portion of World Renew's expenses is made in foreign countries. World Renew is exposed to foreign exchange fluctuations to the extent that these purchases are denominated in U.S. dollars, and World Renew does not engage in derivative activities to hedge these exposures. World Renew's financial instruments that are exposed to currency risk relate primarily to its cash and due from related parties. This risk has not changed from the prior year.

Liquidity Risk

Liquidity risk is the risk that World Renew encounters 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. Liquidity risk arises from World Renew's accounts payable and accrued liabilities. This risk has not changed from the prior year.

World Renew

Schedule of Overseas Development Programs Expenses

For the year ended June 30	2018	2017
Asia Ministry Team	\$ -	\$ 6,634
Bangladesh	841,933	1,055,285
Cambodia	829,956	1,018,644
Development Team	363,684	339,213
East Africa Ministry Team	82,566	156,148
Guatemala	103,717	164,007
Haiti	90,027	261,397
Honduras	862,525	831,442
Kenya	135,610	121,215
Laos	908,684	991,428
Malawi	138,007	165,045
Mali	346,255	509,971
Mozambique	271,637	429,994
Nicaragua	225,173	150,599
Niger	14,926	6,556
Nigeria	253,689	351,087
Senegal	252,453	376,161
Sierra Leone	35,114	6,651
Southern Africa Ministry Team	4,159	17,252
Tanzania	385,413	453,567
Uganda	289,887	317,792
Zambia	430,202	394,977
	\$ 6,865,617	\$ 8,125,065

World Renew

Schedule of Disaster Programs Expenses

For the year ended June 30	2018	2017
Alberta Fire	\$ 13,471	\$ 10,319
Bangladesh	153,061	-
California Wildfires	-	48,158
East Africa Conservation Agriculture	172,468	183,780
General North America	303,876	46,801
General Overseas	(3,516)	214,933
Haiti	519,132	307,831
Iraq	-	665
Japan - Pacific Tsunami	-	(1,815)
Needs Assessments	4,767	186,575
Nepal Earthquake Response	852,533	987,184
Nigeria	-	40,380
Philippines	773,367	748,919
Relief Team	1,153,090	1,009,679
South Sudan	241,006	208,196
Syria	-	79,636
	\$ 4,183,255	\$ 4,071,241
