



## World Renew

### Financial Statements and Supplementary Information Years Ended June 30, 2018 and 2017

# World Renew

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Financial Statements and Supplementary Information  
Years Ended June 30, 2018 and 2017

# World Renew

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## Independent Auditor's Report

Governing Board  
World Renew  
Grand Rapids, Michigan

We have audited the accompanying financial statements of World Renew (the Organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of World Renew, as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP

October 24, 2018

## Financial Statements

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# World Renew

## Statements of Financial Position

<i>June 30, 2018</i>	Unrestricted			Temporarily Restricted	Total
	Operating	Designated	Total		
<b>Assets</b>					
Cash and cash equivalents	\$ 2,023,653	\$ 5,225,019	\$ 7,248,672	\$ 6,676,798	\$ 13,925,470
Investments held by CRCNA Funds, LLC	8,445,722	-	8,445,722	-	8,445,722
Other investments	32,697	-	32,697	-	32,697
Field advances	265,109	-	265,109	-	265,109
Due from Christian Reformed Church in North America	13,031	1,000,000	1,013,031	-	1,013,031
Due from other Christian Reformed Church in North America agencies	9,922	-	9,922	-	9,922
Pledges and grants receivable	4,188	-	4,188	263,987	268,175
Interest and other receivables	54,330	-	54,330	-	54,330
Prepaid expenses	127,263	-	127,263	-	127,263
Beneficial interest in assets held by Barnabas Foundation	-	-	-	4,451,298	4,451,298
Construction in progress	33,255	-	33,255	-	33,255
Property and equipment	751,499	-	751,499	155,206	906,705
Less accumulated depreciation	(467,099)	-	(467,099)	(54,450)	(521,549)
<b>Total Assets</b>	<b>\$ 11,293,570</b>	<b>\$ 6,225,019</b>	<b>\$ 17,518,589</b>	<b>\$ 11,492,839</b>	<b>\$ 29,011,428</b>
<b>Liabilities and Net Assets</b>					
<b>Liabilities</b>					
Accounts payable and accrued expenses	\$ 342,027	\$ -	\$ 342,027	\$ -	\$ 342,027
Overseas severance accrual	118,856	-	118,856	-	118,856
Due to World Renew in Canada	6,030	-	6,030	-	6,030
Due to other Christian Reformed Church in North America agencies	72,633	-	72,633	-	72,633
Annuities payable	90,637	-	90,637	-	90,637
<b>Total Liabilities</b>	<b>630,183</b>	<b>-</b>	<b>630,183</b>	<b>-</b>	<b>630,183</b>
<b>Net Assets</b>					
Unrestricted	10,663,387	6,225,019	16,888,406	-	16,888,406
Temporarily restricted	-	-	-	11,492,839	11,492,839
<b>Total Net Assets</b>	<b>10,663,387</b>	<b>6,225,019</b>	<b>16,888,406</b>	<b>11,492,839</b>	<b>28,381,245</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 11,293,570</b>	<b>\$ 6,225,019</b>	<b>\$ 17,518,589</b>	<b>\$ 11,492,839</b>	<b>\$ 29,011,428</b>

*See accompanying notes to financial statements.*

# World Renew

## Statements of Financial Position

<i>June 30, 2017</i>	Unrestricted			Temporarily Restricted	Total
	Operating	Designated	Total		
<b>Assets</b>					
Cash and cash equivalents	\$ 1,831,977	\$ 6,114,925	\$ 7,946,902	\$ 2,885,543	\$ 10,832,445
Investments held by CRCNA Funds, LLC	7,895,426	-	7,895,426	-	7,895,426
Other investments	33,894	-	33,894	-	33,894
Field advances	252,158	-	252,158	-	252,158
Due from Christian Reformed Church in North America	7,539	1,000,000	1,007,539	-	1,007,539
Due from other Christian Reformed Church in North America agencies	16,680	-	16,680	-	16,680
Pledges and grants receivable	52,318	-	52,318	185,437	237,755
Interest and other receivables	10,075	-	10,075	-	10,075
Prepaid expenses	246,820	-	246,820	-	246,820
Beneficial interest in assets held by Barnabas Foundation	-	-	-	3,240,351	3,240,351
Property and equipment	755,975	-	755,975	155,206	911,181
Less accumulated depreciation	(491,632)	-	(491,632)	(52,650)	(544,282)
<b>Total Assets</b>	<b>\$ 10,611,230</b>	<b>\$ 7,114,925</b>	<b>\$ 17,726,155</b>	<b>\$ 6,413,887</b>	<b>\$ 24,140,042</b>
<b>Liabilities and Net Assets</b>					
<b>Liabilities</b>					
Accounts payable and accrued expenses	\$ 386,503	\$ -	\$ 386,503	\$ -	\$ 386,503
Overseas severance accrual	221,349	-	221,349	-	221,349
Due to World Renew in Canada	154,744	-	154,744	-	154,744
Due to other Christian Reformed Church in North America agencies	70,328	-	70,328	-	70,328
Annuities payable	98,976	-	98,976	-	98,976
<b>Total Liabilities</b>	<b>931,900</b>	<b>-</b>	<b>931,900</b>	<b>-</b>	<b>931,900</b>
<b>Net Assets</b>					
Unrestricted	9,679,330	7,114,925	16,794,255	-	16,794,255
Temporarily restricted	-	-	-	6,413,887	6,413,887
<b>Total Net Assets</b>	<b>9,679,330</b>	<b>7,114,925</b>	<b>16,794,255</b>	<b>6,413,887</b>	<b>23,208,142</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 10,611,230</b>	<b>\$ 7,114,925</b>	<b>\$ 17,726,155</b>	<b>\$ 6,413,887</b>	<b>\$ 24,140,042</b>

*See accompanying notes to financial statements.*



# World Renew

## Statements of Activities

Year ended June 30, 2018	Unrestricted			Temporarily Restricted	Total
	Operating	Designated	Total		
<b>Revenues and Other Support</b>					
Contributions - churches and individuals:					
Development programs	\$ 1,696,328	\$ -	\$ 1,696,328	\$ 827,127	\$ 2,523,455
Disaster programs	-	-	-	5,886,366	5,886,366
Donated services for disaster programs	1,183,726	-	1,183,726	-	1,183,726
Unspecified	4,876,210	975,396	5,851,606	291,985	6,143,591
<b>Total contributions - churches and individuals</b>	<b>7,756,264</b>	<b>975,396</b>	<b>8,731,660</b>	<b>7,005,478</b>	<b>15,737,138</b>
Other revenues:					
Grants from others	-	-	-	714,298	714,298
Investment income and other	648,867	-	648,867	-	648,867
Net assets released from restrictions	3,851,771	-	3,851,771	(3,851,771)	-
Net assets released from designations	1,865,302	(1,865,302)	-	-	-
<b>Total Revenues and Other Support</b>	<b>14,122,204</b>	<b>(889,906)</b>	<b>13,232,298</b>	<b>3,868,005</b>	<b>17,100,303</b>
<b>Expenses</b>					
Program services:					
Overseas development	6,021,248	-	6,021,248	-	6,021,248
Disaster programs	3,173,847	-	3,173,847	-	3,173,847
Domestic development	108,520	-	108,520	-	108,520
Education and justice	1,494,326	-	1,494,326	-	1,494,326
<b>Total program services</b>	<b>10,797,941</b>	<b>-</b>	<b>10,797,941</b>	<b>-</b>	<b>10,797,941</b>
Support services:					
Resource development	1,647,785	-	1,647,785	-	1,647,785
Management and general	692,421	-	692,421	-	692,421
<b>Total support services</b>	<b>2,340,206</b>	<b>-</b>	<b>2,340,206</b>	<b>-</b>	<b>2,340,206</b>
<b>Total Expenses</b>	<b>13,138,147</b>	<b>-</b>	<b>13,138,147</b>	<b>-</b>	<b>13,138,147</b>
Changes in net assets before beneficial interest	984,057	(889,906)	94,151	3,868,005	3,962,156
<b>Change in Beneficial Interest in Assets Held by Barnabas Foundation</b>					
Contributions to the beneficial interest	-	-	-	1,500,000	1,500,000
Contributions from the beneficial interest	-	-	-	(588,078)	(588,078)
Change in net assets in the beneficial interest	-	-	-	299,025	299,025
<b>Total Change in Beneficial Interest in Assets Held by Barnabas Foundation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,210,947</b>	<b>1,210,947</b>
<b>Changes in Net Assets</b>	<b>\$ 984,057</b>	<b>\$ (889,906)</b>	<b>\$ 94,151</b>	<b>\$ 5,078,952</b>	<b>\$ 5,173,103</b>

*See accompanying notes to financial statements.*

# World Renew

## Statements of Activities

Year ended June 30, 2017	Unrestricted			Temporarily Restricted	Total
	Operating	Designated	Total		
<b>Revenues and Other Support</b>					
Contributions - churches and individuals:					
Development programs	\$ 1,891,619	\$ -	\$ 1,891,619	\$ 851,251	\$ 2,742,870
Disaster programs	-	-	-	2,005,415	2,005,415
Donated services for disaster programs	1,538,188	-	1,538,188	-	1,538,188
Unspecified	4,754,206	1,900,510	6,654,716	141,066	6,795,782
<b>Total contributions - churches and individuals</b>	<b>8,184,013</b>	<b>1,900,510</b>	<b>10,084,523</b>	<b>2,997,732</b>	<b>13,082,255</b>
Other revenues:					
Grants from others	-	-	-	778,609	778,609
Investment income and other	839,480	-	839,480	-	839,480
Net assets released from restrictions	3,876,172	-	3,876,172	(3,876,172)	-
Net assets released from designations	1,806,193	(1,806,193)	-	-	-
<b>Total Revenues and Other Support</b>	<b>14,705,858</b>	<b>94,317</b>	<b>14,800,175</b>	<b>(99,831)</b>	<b>14,700,344</b>
<b>Expenses</b>					
Program services:					
Overseas development	5,714,269	-	5,714,269	-	5,714,269
Disaster programs	4,576,787	-	4,576,787	-	4,576,787
Domestic development	126,802	-	126,802	-	126,802
Education and justice	1,100,140	-	1,100,140	-	1,100,140
<b>Total program services</b>	<b>11,517,998</b>	<b>-</b>	<b>11,517,998</b>	<b>-</b>	<b>11,517,998</b>
Support services:					
Resource development	1,359,237	-	1,359,237	-	1,359,237
Management and general	633,636	-	633,636	-	633,636
<b>Total support services</b>	<b>1,992,873</b>	<b>-</b>	<b>1,992,873</b>	<b>-</b>	<b>1,992,873</b>
<b>Total Expenses</b>	<b>13,510,871</b>	<b>-</b>	<b>13,510,871</b>	<b>-</b>	<b>13,510,871</b>
Changes in net assets before beneficial interest	1,194,987	94,317	1,289,304	(99,831)	1,189,473
<b>Change in Beneficial Interest in Assets Held by Barnabas Foundation</b>					
Contributions from the beneficial interest	-	-	-	(380,400)	(380,400)
Change in net assets in the beneficial interest	-	-	-	309,616	309,616
<b>Total Change in Beneficial Interest in Assets Held by Barnabas Foundation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(70,784)</b>	<b>(70,784)</b>
<b>Changes in Net Assets</b>	<b>\$ 1,194,987</b>	<b>\$ 94,317</b>	<b>\$ 1,289,304</b>	<b>\$ (170,615)</b>	<b>\$ 1,118,689</b>

*See accompanying notes to financial statements.*

# World Renew

## Statements of Functional Expenses

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

*See accompanying notes to financial statements.*

# World Renew

## Statements of Functional Expenses

<i>Year ended June 30, 2017</i>	Program Services					Support Services			
	Overseas Development	Disaster Programs	Domestic Development	Education and Justice	Total	Resource Development	Management and General	Total	Total
<b>Expenses</b>									
Salaries	\$ 1,245,851	\$ 514,361	\$ -	\$ 476,973	\$ 2,237,185	\$ 577,358	\$ 312,601	\$ 889,959	\$ 3,127,144
Employee benefits	520,971	154,685	-	163,196	838,852	215,197	111,554	326,751	1,165,603
<b>Home office costs</b>									
Operations	132,878	65,247	-	218,492	416,617	320,013	135,011	455,024	871,641
Printed materials	71	6,473	-	56,435	62,979	55,526	400	55,926	118,905
Travel	17,811	34,469	-	60,144	112,424	57,116	32,857	89,973	202,397
Facilities and equipment	50,443	120,895	-	88,832	260,170	84,598	40,598	125,196	385,366
Training/education	91,807	29,700	-	6,277	127,784	3,108	615	3,723	131,507
Promotional events and mailings	-	3,046	-	29,791	32,837	46,321	-	46,321	79,158
<b>Total home office costs</b>	<b>293,010</b>	<b>259,830</b>	<b>-</b>	<b>459,971</b>	<b>1,012,811</b>	<b>566,682</b>	<b>209,481</b>	<b>776,163</b>	<b>1,788,974</b>
<b>Field costs</b>									
Travel	247,769	218,265	3,284	-	469,318	-	-	-	469,318
Vehicle	173,984	49,162	-	-	223,146	-	-	-	223,146
Housing	260,102	138,926	-	-	399,028	-	-	-	399,028
Field office costs	250,003	33,531	-	-	283,534	-	-	-	283,534
Capital expenses	325,993	-	-	-	325,993	-	-	-	325,993
Training/education	90,916	-	-	-	90,916	-	-	-	90,916
National staff costs	596,081	1,538,188	-	-	2,134,269	-	-	-	2,134,269
<b>Objective costs:</b>									
Food production	590,775	-	-	-	590,775	-	-	-	590,775
Income generation	100,168	-	-	-	100,168	-	-	-	100,168
Health	282,740	-	-	-	282,740	-	-	-	282,740
HIV/AIDS awareness and prevention	89,447	-	-	-	89,447	-	-	-	89,447
Literacy	28,311	-	-	-	28,311	-	-	-	28,311
Community development	254,222	-	123,518	-	377,740	-	-	-	377,740
Diaconal development	16,240	-	-	-	16,240	-	-	-	16,240
Justice	218,455	-	-	-	218,455	-	-	-	218,455
Disaster relief	-	1,669,839	-	-	1,669,839	-	-	-	1,669,839
Other	129,231	-	-	-	129,231	-	-	-	129,231
<b>Total field costs</b>	<b>3,654,437</b>	<b>3,647,911</b>	<b>126,802</b>	<b>-</b>	<b>7,429,150</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,429,150</b>
<b>Total Expenses</b>	<b>\$ 5,714,269</b>	<b>\$ 4,576,787</b>	<b>\$ 126,802</b>	<b>\$ 1,100,140</b>	<b>\$ 11,517,998</b>	<b>\$ 1,359,237</b>	<b>\$ 633,636</b>	<b>\$ 1,992,873</b>	<b>\$ 13,510,871</b>

*See accompanying notes to financial statements.*

# World Renew

## Statements of Changes in Net Assets

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	Unrestricted	Temporarily Restricted	Total
Balance, July 1, 2016	\$ 15,504,951	\$ 6,584,502	\$ 22,089,453
Changes in net assets	1,289,304	(170,615)	1,118,689
Balance, June 30, 2017	16,794,255	6,413,887	23,208,142
Changes in net assets	94,151	5,078,952	5,173,103
Balance, June 30, 2018	\$ 16,888,406	\$ 11,492,839	\$ 28,381,245

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*See accompanying notes to financial statements.*

# World Renew

## Statements of Cash Flows

<i>Year ended June 30,</i>	2018	2017
<b>Cash Flows From (for) Operating Activities</b>		
Changes in net assets	\$ 5,173,103	\$ 1,118,689
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Change in value of annuities	19,947	(28,958)
Depreciation	48,571	56,900
Net unrealized gain on investments	(337,639)	(598,637)
Net realized (gain) loss on sale of investments	(29,199)	572
Net change in beneficial interest in assets held by Barnabas Foundation	(1,210,947)	70,784
Net gain on sale of equipment	(8,454)	(14,082)
Changes in assets and liabilities:		
Field advances	(12,951)	(112,229)
Due to/from Christian Reformed Church of North America	(5,492)	230
Due to/from other Christian Reformed Church of North America agencies	9,063	(22,668)
Due to/from World Renew in Canada	(148,714)	521,605
Pledges and grants receivable	(30,420)	(125,369)
Interest and other receivables	(44,255)	401,864
Prepaid expenses	119,557	(157,098)
Accounts payable and accrued expenses	(44,476)	39,323
Overseas severance accrual	(102,493)	12,777
<b>Net Cash From Operating Activities</b>	<b>3,395,201</b>	<b>1,163,703</b>
<b>Cash Flows From (for) Investing Activities</b>		
Purchases of equipment	(104,309)	(55,983)
Proceeds from sale of equipment	12,680	17,916
Proceeds from the sale of investments	-	1,385
Purchases of investments	(182,261)	(149,099)
<b>Net Cash for Investing Activities</b>	<b>(273,890)</b>	<b>(185,781)</b>
<b>Cash Flows for Financing Activity</b>		
Payments on annuity agreements	(28,286)	(29,195)
<b>Net increase in cash and cash equivalents</b>	<b>3,093,025</b>	<b>948,727</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>10,832,445</b>	<b>9,883,718</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 13,925,470</b>	<b>\$ 10,832,445</b>

*See accompanying notes to financial statements.*

# World Renew

## Notes to Financial Statements

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### 1. Organization

World Renew (a Michigan nonprofit corporation) (the Organization) operates under the direction of the Synod of the Christian Reformed Church. The purpose of the Organization is to provide technical and rehabilitation assistance as well as disaster relief on a worldwide basis.

The Organization's Program Services are described as follows:

- Overseas Development - The Organization works overseas on community development by training people in agriculture, health, income earnings, literacy, small business development and leadership skills in order to transform communities and improve lives. This is accomplished, in large part, through mentoring local non-government organizations in under-served communities.
- Disaster Programs - The Organization provides disaster survivors with assistance. Overseas relief focuses on food, medicine and other material aid. Domestic relief efforts focus on either granting funds to long-term recovery organizations or facilitating volunteer teams in order to conduct clean-up, needs assessment and home reconstruction/repair to communities in disaster areas.
- Domestic Development - The Organization equips and networks community development leaders to build community strength and seek just sustainable transformation through strategic partnership with Communities First Association, a 501(c)(3) charitable organization.
- Education and Justice - The Organization educates constituency and provides opportunities, through work groups and volunteer positions, for people to serve in North America and overseas in community development.

### 2. Summary of Significant Accounting Policies

#### *Basis of Presentation*

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

- Unrestricted net assets - Net assets which are not subject to donor-imposed stipulations. Included in unrestricted net assets are net assets that have been designated by the Board for a seven-year term endowment.
- Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

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

- Revenues are reported as increases in unrestricted net assets, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets, unless their use is restricted by explicit donor stipulation. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Contributions

# World Renew

## Notes to Financial Statements

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with donor-imposed restrictions where the restrictions are met in the same year as the contribution is received are reported as unrestricted revenues.

- Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

During the fiscal years ended June 30, 2018 and 2017, \$1,865,302 and \$1,806,193, respectively, were released from designation and moved to unrestricted operating.

### *Use of Estimates*

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect amounts reported therein. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may differ from those estimates.

### *Cash and Cash Equivalents*

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

### *Investments*

Investments are carried at fair value as determined by quoted market prices and other measurement inputs. See Notes 4 and 5 for additional disclosures on investments.

### *Field Advances*

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

### *Property, Equipment and Depreciation*

Property and equipment are carried at cost less accumulated depreciation. Property and equipment purchases of \$1,000 or more are capitalized and depreciated using the straight-line method over the estimated useful lives of the assets, which range from 2 to 40 years. Property and equipment for use in international fields are expensed at the time of purchase.

### *Donated Services*

Donated services are reflected in the statements of activities to the extent that they are in accordance with the Financial Accounting Standards Board (FASB) standard, *Accounting for Contributions Received and Contributions Made*. Skilled volunteer service hours of 47,944 and 63,719 were contributed to the Organization and recorded in the statements of activities in the amount of \$1,183,726 and \$1,538,188 as revenues and expenses during the years ended June 30, 2018 and 2017, respectively. The skills provided include management, construction trades and accounting. Certain other donated services are not reflected in the financial statements inasmuch



# World Renew

## Notes to Financial Statements

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as these services do not create or enhance nonfinancial assets or require specialized skills. Volunteer service hours of approximately 207,000 and 159,500 were contributed to the Organization but not reflected in the financial statements during the years ended June 30, 2018 and 2017, respectively, by approximately 2,800 and 2,300 individuals, respectively.

### *Donated Materials*

Donated materials are recorded in the financial statements when such donations are significant and meet the criteria of the FASB standard previously mentioned.

### *Grants From Others*

Grants from others are recorded as deferred revenue upon receipt of advances. Grant revenues are recognized as related expenses are incurred.

### *Cost Allocation Plan*

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs incurred for the joint purpose of educating constituents and soliciting financial support has been allocated according to the amount the programs and supporting services benefited. For the 2018 and 2017 fiscal years, these joint costs totaled \$1,156,126 and \$1,048,216, with an allocation of \$578,063 and \$524,108 to resource development and a \$578,063 and \$524,108 allocation to education and justice, respectively.

### *Investment Income*

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

### *Income Taxes*

The Organization is exempt from federal income taxes due to its status as a not-for-profit corporation under Internal Revenue Code Section 501(c)(3) and contributions are deductible for federal income tax purposes. The Organization is not aware of any material uncertain tax positions.

### *Subsequent Events*

Management has evaluated subsequent events through October 24, 2018, the date the financial statements were available to be issued. Based on evaluation, there were no matters identified that had significant impact on the financial statements presented.

# World Renew

## Notes to Financial Statements

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### 3. Property and Equipment

A summary of property and equipment is as follows:

<i>June 30,</i>	2018	2017
Land	\$ 130,206	\$ 130,206
Buildings and leasehold improvements	209,000	209,000
Vehicles and equipment	567,499	571,975
<b>Total</b>	<b>\$ 906,705</b>	<b>\$ 911,181</b>

Depreciation expense was \$48,571 and \$56,900 for the years ended June 30, 2018 and 2017, respectively.

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

### 4. Investments

The Organization directs the majority of its investments through CRCNA Funds, LLC (CRCNA Funds). CRCNA Funds holds investments of the participating agencies of the Christian Reformed Church, which are administered and managed by US Trust. Participating agencies direct their investments into a money market account, a balanced portfolio and a fixed-income portfolio, and are allocated their share of investment earnings and losses.

#### *Investment Risk*

The Organization invests in various securities including government bonds, corporate bonds, equity funds, money market funds and other debt instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statements of financial position.

Investments are summarized as follows:

<i>June 30,</i>	2018	2017
<b>Investments Held by CRCNA Funds, LLC</b>		
Fixed-income portfolio	\$ 26,711	\$ 26,725
Balanced portfolio	8,419,011	7,868,701
<b>Total Investments Held by CRCNA Funds, LLC</b>	<b>\$ 8,445,722</b>	<b>\$ 7,895,426</b>
<b>Other Investments</b>	<b>\$ 32,697</b>	<b>\$ 33,894</b>

# World Renew

## Notes to Financial Statements

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Investments are carried at fair value. Fair value is determined by closing market prices at fiscal year-end. Unrealized appreciation and depreciation of investments held at fair value as of the fiscal year-end is determined using the beginning of the fiscal year market value or purchase price, if acquired since that date. Purchase and sales of securities are recorded on a trade-date basis. Interest income is recorded on an accrual basis.

Total investment income of approximately \$649,000 and \$839,000 for the years ended June 30, 2018 and 2017 represented reinvested investment and dividend income of approximately \$179,000 and \$152,000, distributed investment income of approximately \$108,000 and \$32,000, net realized gains of approximately \$29,000 and \$0, and net unrealized gains of approximately \$333,000 and \$655,000, respectively.

### 5. Fair Value Measurements

In accordance with the FASB standard relating to fair value measurements, the Organization classifies its investments and annuities payable into Level 1, which refers to securities valued using quoted prices from active markets for identical assets; Level 2, which refers to securities and annuities not traded on an active market but for which observable market inputs are readily available; and Level 3, which refers to securities and other investments valued based on significant unobservable inputs. The valuation technique utilized by the Organization for its Level 2 investments is the market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets. Annuities payable are valued at present value. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The following tables set forth by level within the fair value hierarchy a summary of the Organization's investments and annuities payable measured at fair value on a recurring basis:

<i>June 30, 2018</i>	Level 1	Level 2	Level 3	Total
Investments held by CRCNA Funds, LLC	\$ 7,653,493	\$ 792,229	\$ -	\$ 8,445,722
Other investments	3,000	-	29,697	32,697
<b>Investments, at fair value</b>	<b>\$ 7,656,493</b>	<b>\$ 792,229</b>	<b>\$ 29,697</b>	<b>\$ 8,478,419</b>
<b>Annuities Payable</b>	<b>\$ -</b>	<b>\$ 90,637</b>	<b>\$ -</b>	<b>\$ 90,637</b>
<i>June 30, 2017</i>	Level 1	Level 2	Level 3	Total
Investments held by CRCNA Funds, LLC	\$ 7,102,801	\$ 792,625	\$ -	\$ 7,895,426
Other investments	-	-	33,894	33,894
<b>Investments, at fair value</b>	<b>\$ 7,102,801</b>	<b>\$ 792,625</b>	<b>\$ 33,894</b>	<b>\$ 7,929,320</b>
<b>Annuities Payable</b>	<b>\$ -</b>	<b>\$ 98,976</b>	<b>\$ -</b>	<b>\$ 98,976</b>

The change in the Organization's Level 3 investment was due to a net unrealized loss of \$4,197 and \$1,164 for the years ended June 30, 2018 and 2017, respectively.

# World Renew

## Notes to Financial Statements

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### 6. Annuities Payable

Donors have transferred assets to the Organization in exchange for the right to receive a predetermined return during their lifetime (an annuity). A portion of the transfer is considered to be a charitable contribution for income tax purposes. Upon receipt of the transfer, the Organization records a liability for the annuity payable at the present value of future payments based on life expectancy and the midterm federal rate for U.S. treasury bills for the month the contract is written with the same maturity as the average life expectancy of the annuitants. The difference between the liability recognized for the annuity and the amount of the transfer is recognized as unrestricted contribution income at the date of the gift, unless the gift portion is restricted. Annuity payments are charged against the liability which, at the end of each fiscal year, is adjusted to the present value of future payments based on life expectancy (utilizing the Internal Revenue Service life expectancy Tables for Males and Females) and the interest rate commensurate with the remaining expected term of the contract (3.8% to 8.0% at June 30, 2018). The resulting adjustment is netted against investment income in the statement of activities.

### 7. Conditional Support

The Organization has been identified as the primary beneficiary of charitable gift annuities that donors have entered into with the Barnabas Foundation. These are considered conditional contributions as the Organization receives no funds until the donor's death. The total amount of these conditional contributions was approximately \$413,000 and \$228,000 at June 30, 2018 and 2017, respectively. Conditional promises to give are not recognized as revenue until they become unconditional, that is, when the conditions on which they depend are substantially met.

### 8. Due to World Renew in Canada

Disaster programs, overseas development projects, management and general expenses, and certain fundraising costs are funded jointly by the Organization and World Renew in Canada. Payable to or receivables from World Renew in Canada do result depending upon the original funding source of these shared costs. The amount due to World Renew in Canada was approximately \$6,000 and \$154,700 for the years ended June 30, 2018 and 2017, respectively.

### 9. Employee Retirement Plan

The Organization contributes to the CRCNA's Employee's Savings Plan, a defined contribution retirement plan for the benefit of covered employees. The Organization's obligation for the plan is limited to a matching contribution of up to 4% of eligible wages, with employer discretionary contributions equaling 6% of eligible wages of qualified employees for the years ended June 30, 2018 and 2017.

Retirement plan contribution expense for the years ended June 30, 2018 and 2017 amounted to approximately \$279,000 and \$287,200, respectively for the plan.

### 10. Transactions With Other Christian Reformed Church Entities

The Organization purchased printed material totaling approximately \$107,000 and \$113,000 in 2018 and 2017, respectively from the Christian Reformed Church in North America (CRCNA) and also incurred charges of approximately \$758,200 and \$770,100 in 2018 and 2017 for administrative

# World Renew

## Notes to Financial Statements

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support, copying, mailing and other services, respectively. The Organization also incurred charges during 2018 and 2017 of approximately \$313,600 and \$257,400 from the CRCNA for support charges related to the financial services function and approximately \$201,000 and \$199,400 of allocated building occupancy expense, respectively. At June 30, 2018 and 2017, due to other Christian Reformed Church in North America agencies were approximately \$72,600 and \$70,300, respectively.

The Organization held a note receivable from CRCNA in the amount of \$1,000,000 as of June 30, 2018 and 2017 which accrues interest at 2.43% and 1.87%, respectively per annum and is included in the due from CRCNA balance. All principal and interest balances are due December 31, 2018 and 2017, respectively, and the principal balance may be extended for an additional year.

The Organization manages its cash in conjunction with the Christian Reformed Church consolidated cash management system, which holds all funds in a single bank. As part of this process, CRCNA may loan or borrow funds of participating entities. In addition to the note receivable, CRCNA borrowed approximately \$13,000 and \$7,500 from the Organization as of June 30, 2018 and 2017, respectively. The Organization has authorized the use of its funds held in the Christian Reformed Church concentration cash account as collateral for borrowings of CRCNA, up to a \$2,000,000 limit.

### 11. Term Endowments

The Organization has established two term endowment funds in order to apply certain types of financial support received against the Organization's financial operations over an extended period of time.

The first of these term endowments, called the Joseph Fund, consists of both Board-designated funds representing unrestricted estate monies received and donor-restricted funds - charitable contributions donors have stipulated for the Joseph Fund. In the first year, 10% of the Joseph Fund's monies received are released to operations. 15% is then released to the Organization's operations for each of the subsequent six years.

The second of these term endowments, called the Village Savings and Loan Fund, consists of donor-restricted funds - charitable contributions donors have stipulated for the Village Savings and Loan Fund. In the first year and subsequent 14 years, approximately 6.67% is released to operations meeting certain program criteria.

As required by GAAP, net assets associated with these term endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

# World Renew

## Notes to Financial Statements

In the fiscal year ended June 30, 2018, the Organization had the following changes in Board-designated and temporarily restricted term endowments:

	Village Savings and Loan Fund Temporarily Restricted	Joseph Fund Unrestricted Board- Designated	Joseph Fund Temporarily Restricted
<b>Balance, July 1, 2016</b>	\$ 265,599	\$ 7,020,608	\$ 316,005
Gifts received and adjustments	114,300	1,900,510	26,766
Releases	(124,640)	(1,806,193)	(95,143)
<b>Balance, June 30, 2017</b>	255,259	7,114,925	247,628
Gifts received and adjustments	218,698	975,396	46,440
Releases	(232,871)	(1,865,302)	(101,128)
<b>Balance, June 30, 2018</b>	\$ 241,086	\$ 6,225,019	\$ 192,940

### 12. Beneficial Interest in Assets Held by Barnabas Foundation

The Organization has a beneficial interest in the net assets of the Barnabas Foundation related to trusts that donors have established at the Barnabas Foundation that designates the Organization as the primary beneficiary. This beneficial interest is adjusted annually to reflect the changes in the net assets of these trusts and amounts transferred to the Organization during the reporting period.

The total changes in beneficial interest in the net assets of the Barnabas Foundation for the years ended June 30, 2018 and 2017 are summarized as follows:

	2018	2017
<b>Beginning Balance</b>	\$ 3,240,351	\$ 3,311,135
Change in beneficial interest in the net assets of the Barnabas Foundation before contributions	299,025	309,616
Contributions from donors to the beneficial interest	1,500,000	-
Contributions to the Organization	(588,078)	(380,400)
<b>Ending Balance</b>	\$ 4,451,298	\$ 3,240,351

## Supplementary Information

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## Independent Auditor's Report on Supplementary Information

Our audits of the financial statements included in the preceding section of this report was conducted for the purpose of forming an opinion on those statements taken as a whole. The supplementary information presented in the following section of this report is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

*BDO USA, LLP*

October 24, 2018



## World Renew

### Details of Overseas Development Program Services

<i>Year ended June 30,</i>	2018	2017
Bangladesh	\$ 244,604	\$ 219,597
Cambodia	46,335	74,732
Dominican Republic	26,803	27,277
Guatemala	310,316	340,555
Haiti	354,707	330,689
Honduras	202,472	94,922
India	112,169	102,285
Kenya	591,523	647,577
Laos	93,837	1,312
Malawi	151,217	113,350
Mali	79,691	15,666
Mexico	20,970	22,026
Mozambique	46,732	20,862
Nicaragua	425,261	411,265
Niger	339,862	305,440
Nigeria	211,018	178,048
Senegal	4,643	799
Sierra Leone	100,887	119,137
Tanzania	181,546	170,492
Uganda	584,678	511,128
Zambia	34,780	55,893
Regional ministries	887,956	932,020
Program development	969,241	1,019,197
<b>Total</b>	<b>\$ 6,021,248</b>	<b>\$ 5,714,269</b>

*See accompanying independent auditor's report on supplementary information.*