

World Renew
(Incorporated in Canada)
Financial Statements
For the year ended June 30, 2019

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Financial Statements
For the year ended June 30, 2019

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Independent Auditor's Report

To the Governing Board of World Renew

Qualified Opinion

We have audited the financial statements of World Renew (the "Organization"), which comprise the statement of financial position as at June 30, 2019, and the statements of activities and changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at June 30, 2019, 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, 2019 and 2018, current assets as at June 30, 2019 and 2018, and net assets as at July 1 and June 30 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended June 30, 2018 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
Burlington, Ontario
November 13, 2019

**World Renew
Statement of Financial Position**

June 30, 2019

	Operating	Board Designated	CFGB	Total
Assets				
Current				
Cash	\$ 4,240,954	\$ 2,512,458	\$ -	\$ 6,753,412
Accounts receivable	24,716	-	-	24,716
Prepaid expenses	15,730	-	-	15,730
Field advances (Note 2)	762,844	-	-	762,844
Due from related parties (Note 3)	2,034,360	-	-	2,034,360
	<u>7,078,604</u>	<u>2,512,458</u>	<u>-</u>	<u>9,591,062</u>
Investment in CFGB (Note 4)	-	-	2,211,555	2,211,555
Capital assets (Note 5)	6,292	-	-	6,292
	<u>\$ 7,084,896</u>	<u>\$ 2,512,458</u>	<u>\$ 2,211,555</u>	<u>\$ 11,808,909</u>

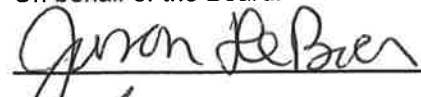
Liabilities


Current				
Accounts payable and accrued liabilities	\$ 487,725	\$ -	\$ -	\$ 487,725
Deferred contributions (Note 6)	5,135,073	-	-	5,135,073
	<u>5,622,798</u>	<u>-</u>	<u>-</u>	<u>5,622,798</u>

Net Assets

Operating	1,462,098	-	-	1,462,098
Restricted				
Board designated	-	2,512,458	-	2,512,458
CFGB (Note 4)	-	-	2,211,555	2,211,555
	<u>1,462,098</u>	<u>2,512,458</u>	<u>2,211,555</u>	<u>6,186,111</u>
	<u>\$ 7,084,896</u>	<u>\$ 2,512,458</u>	<u>\$ 2,211,555</u>	<u>\$ 11,808,909</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, 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

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

World Renew Statement of Activities

For the year ended June 30, 2019

	Operating	Board Designated	CFGB	Total
Revenue				
Contributions				
Development programs	\$ 3,850,838	\$ -	\$ -	\$ 3,850,838
Disaster programs	4,462,632	-	3,518,680	7,981,312
Unspecified	3,664,879	985,974	-	4,650,853
	11,978,349	985,974	3,518,680	16,483,003
Other revenue				
Direct government contributions (Note 4 and 7)	-	-	6,248,443	6,248,443
Grants from others	3,160,500	-	-	3,160,500
Investment income and other	271,153	-	-	271,153
	15,410,002	985,974	9,767,123	26,163,099
Expenses				
Program services				
Overseas development (Schedule)	6,657,138	-	-	6,657,138
Disaster programs (Schedule)	5,391,308	-	-	5,391,308
Domestic development	281,452	-	-	281,452
Education and justice	643,643	-	-	643,643
CFGB (Note 4)	-	-	8,667,506	8,667,506
Total program services	12,973,541	-	8,667,506	21,641,047
Support services				
Resource development	1,818,466	-	-	1,818,466
Management and general	1,536,053	-	-	1,536,053
Total support services	3,354,519	-	-	3,354,519
	16,328,060	-	8,667,506	24,995,566
Excess (deficiency) of revenue over expenses	\$ (918,058)	\$ 985,974	\$ 1,099,617	\$ 1,167,533

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	3,347,393	-	2,587,210	5,934,603
Unspecified	3,850,217	760,004	-	4,610,221
	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 Schedule of Functional Expenses

For the year ended June 30, 2019

	Program Services					Support Services				
	Overseas Development	Disaster Programs	Domestic Development	Education and Justice	CFGB	Total	Resource Development	Management and General	Total	Total
Expenses										
Salaries	\$ 1,527,731	\$ 577,099	\$ 180,992	\$ 109,115	\$ -	\$ 2,394,937	\$ 638,202	\$ 259,502	\$ 897,704	\$ 3,292,641
Employee benefits	567,574	119,618	36,812	26,567	-	750,571	182,340	58,536	240,876	991,447
Total salaries and benefits	2,095,305	696,717	217,804	135,682	-	3,145,508	820,542	318,038	1,138,580	4,284,088
Home office costs										
Operations	52,781	271,902	37,636	51,693	-	414,012	1,130,550	1,147,282	2,277,832	2,691,844
Printed materials	52	6,094	3,068	642	-	9,856	77,419	700	78,119	87,975
Travel	9,336	63,422	9,305	19,364	-	101,427	66,467	35,660	102,127	203,554
Facilities and equipment	9,000	36,000	13,500	39,000	-	97,500	40,500	29,317	69,817	167,317
Training/education	10,152	49,853	139	-	-	60,144	5,674	4,580	10,254	70,398
Promotional events and mailings	-	1,976	-	-	-	1,976	74,576	476	75,052	77,028
Allocation	-	-	-	397,262	-	397,262	(397,262)	-	(397,262)	-
Total home office costs	81,321	429,247	63,648	507,961	-	1,082,177	997,924	1,218,015	2,215,939	3,298,116
Field Costs										
Travel	296,232	93,519	-	-	-	389,751	-	-	-	389,751
Vehicle	125,664	(191)	-	-	-	125,473	-	-	-	125,473
Housing	224,494	15,442	-	-	-	239,936	-	-	-	239,936
Field office costs	167,537	28,278	-	-	-	195,815	-	-	-	195,815
Capital expenses	-	1,985	-	-	-	1,985	-	-	-	1,985
Training/education	84,552	-	-	-	-	84,552	-	-	-	84,552
Field staff costs	723,226	249,231	-	-	-	972,457	-	-	-	972,457
Objective costs										
Agriculture	273,497	-	-	-	-	273,497	-	-	-	273,497
Income generation	22,543	-	-	-	-	22,543	-	-	-	22,543
Health	516,358	-	-	-	-	516,358	-	-	-	516,358
HIV/AIDS awareness and prevention	38,505	-	-	-	-	38,505	-	-	-	38,505
Literacy	359,466	-	-	-	-	359,466	-	-	-	359,466
Community development	1,066,157	-	-	-	-	1,066,157	-	-	-	1,066,157
Diaconal development	99,335	-	-	-	-	99,335	-	-	-	99,335
Justice	153,230	-	-	-	-	153,230	-	-	-	153,230
Disaster relief and food security	-	3,877,080	-	-	8,667,506	12,544,586	-	-	-	12,544,586
Organizational capacity development	61,680	-	-	-	-	61,680	-	-	-	61,680
Environment	2,686	-	-	-	-	2,686	-	-	-	2,686
Water projects	59,453	-	-	-	-	59,453	-	-	-	59,453
Other	113,266	-	-	-	-	113,266	-	-	-	113,266
Miscellaneous	92,631	-	-	-	-	92,631	-	-	-	92,631
Total field costs	4,480,512	4,265,344	-	-	8,667,506	17,413,362	-	-	-	17,413,362
Total expenses	\$ 6,657,138	\$ 5,391,308	\$ 281,452	\$ 643,643	\$ 8,667,506	\$ 21,641,047	\$ 1,818,466	\$ 1,536,053	\$ 3,354,519	\$ 24,995,566

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	1,388,632	855,793	2,244,425	2,969,170
Printed materials	-	2,752	-	1,047	-	3,799	56,063	603	56,666	60,465
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
Diaconal 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 Statement of Changes in Net Assets

For the year ended June 30

	Operating	Board Designated	CFGB	Total
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
Excess (deficiency) of revenue over expenses	(918,058)	985,974	1,099,617	1,167,533
Transfers- Joseph Fund	497,970	(497,970)	-	-
- Village Savings and Loan Fund	45,054	(45,054)	-	-
- GAC Reserve	1,000,000	(1,000,000)	-	-
- Other transfers	39,602	(39,602)	-	-
Balance as at June 30, 2019	\$ 1,462,098	\$ 2,512,458	\$ 2,211,555	\$ 6,186,111

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

World Renew Statement of Cash Flows

For the year ended June 30	2019	2018
Cash flows from operating activities		
Excess of revenue over expenses for the year	\$ 1,167,533	\$ 29,803
Adjustments to reconcile excess of revenue over expenses to net cash provided by (used in) operating activities		
Amortization of capital assets	2,126	3,519
Unrealized foreign exchange loss on due from related party	17,261	1,884
Changes in non-cash working capital balances		
Accounts receivable	149,230	178,683
Prepaid expenses	-	20,344
Field advances	(56,314)	68,790
Due from related parties	(130,273)	144,546
Accounts payable and accrued liabilities	52,696	(164,388)
Deferred contributions	(1,923,799)	(264,275)
	(721,540)	18,906
Cash flows from investing activity		
Increase in investment in CFGB	(1,099,617)	(474,746)
Net decrease in cash	(1,821,157)	(455,840)
Cash, beginning of year	8,574,569	9,030,409
Cash, end of year	\$ 6,753,412	\$ 8,574,569

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

World Renew Notes to Financial Statements

June 30, 2019

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 \$978,026 (2018 - \$740,205) were made to the Joseph Fund and recognized as contribution revenue. During the year, \$497,970 (2018 - \$407,782) 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 \$7,948 (2018 - \$19,799) were made to the Village Savings and Loan Fund and recognized as contribution revenue. During the year, \$45,054 (2018 - \$44,524) 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, 2019

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, 2019

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 losses of \$5,493 (2018 - gain of \$40,318) are included in management and general support service expenses. Unrealized foreign exchange losses of \$17,261 (2018 - \$1,884) are included within the program services expenses.

As at June 30, 2019, there was \$556,884 (2018 - \$402,828) denominated in US dollars included in cash and \$56,060 denominated in US dollars due from World Renew USA (2018 - \$6,030)

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, 2019

2. Field Advances

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

3. Related Party Balances and Transactions

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

	<u>2019</u>	<u>2018</u>
Due from related parties		
Due from The Christian Reformed Church in North America - Canada Corporation	\$ 1,961,039	\$ 1,913,408
Due from World Renew USA	73,321	7,940
	<u>\$ 2,034,360</u>	<u>\$ 1,921,348</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, \$2,459,349 (2018 - \$2,405,929) of expenses were allocated to World Renew from World Renew USA, and \$2,390,023 (2018 - \$2,185,898) of expenses were allocated from World Renew to World Renew USA.

World Renew also paid \$1,238,764 (2018 - \$1,264,130) 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 CFGB and would be directed towards an approved program and/or a standing partner of CFGB.

World Renew Notes to Financial Statements

June 30, 2019

5. Capital Assets

	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 1,385	\$ 1,385	\$ 1,385	\$ 1,385
Office equipment	43,549	37,257	43,549	35,131
	\$ 44,934	\$ 38,642	\$ 44,934	\$ 36,516
Net book value		\$ 6,292		\$ 8,418

6. Deferred Contributions

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

	2019	2018
Balance, beginning of year	\$ 7,058,872	\$ 7,323,147
Amounts recognized as revenue in the year	(7,704,555)	(6,454,295)
Amounts received related to ongoing projects	5,780,756	6,190,020
Balance, end of year	\$ 5,135,073	\$ 7,058,872

World Renew Notes to Financial Statements

June 30, 2019

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:

	2019	2018
Global Affairs Canada:		
Canadian Partnership Branch		
Bangladesh	\$ -	\$ 96,438
Honduras	-	134,568
Mali	-	69,626
Mozambique	-	123,790
Tanzania	-	92,800
	-	517,222
Canadian program administration	-	109,429
Administration overhead allocation	-	77,132
	\$ -	\$ 703,783

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, 2019 (2018 - \$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, 2019, the contributions to the plan were \$290,487 (2018 - \$273,411).

World Renew

Notes to Financial Statements

June 30, 2019

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. The Organization 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. The Organization's financial instruments that are exposed to concentrations of credit risk related primarily to its accounts receivable and due from related parties. The Organization is also exposed to credit risk arising from all of its bank accounts being held at one financial institution with deposits exceeding Canadian Deposit Insurance Corporation coverage limits. There have not been any changes in the risk from the prior year.

Currency Risk

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

11. Comparative Figures

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

World Renew

Schedule of Overseas Development Programs Expenses

For the year ended June 30	2019	2018
Bangladesh	\$ 876,005	\$ 841,932
Cambodia	661,259	829,956
Development Team	280,257	363,684
East Africa Ministry Team	121,511	88,994
Guatemala	197,012	103,717
Haiti	15,111	90,027
Honduras	848,159	862,525
India	10,654	-
Kenya	176,406	135,610
Laos	903,261	908,684
Malawi	170,779	138,007
Mali	343,746	346,255
Mexico	8,711	-
Mozambique	223,171	271,637
Nicaragua	153,757	225,173
Niger	1,193	14,926
Nigeria	265,903	253,689
Senegal	266,097	252,453
Sierra Leone	19,310	35,114
Southern Africa Ministry Team	-	(2,268)
Tanzania	340,115	385,413
Uganda	333,508	289,887
Zambia	441,213	430,202
	\$ 6,657,138	\$ 6,865,617

World Renew Schedule of Disaster Programs Expenses

For the year ended June 30	2019	2018
Alberta Fire	\$ 78,270	\$ 13,471
Bangladesh	-	153,061
East Africa Conservation Agriculture	197,356	172,468
General North America	36,259	303,876
General Overseas	167,375	18,438
Haiti	70,961	519,132
Indonesia	1,825,757	-
Iraq	24,373	-
Needs Assessments	2,490	4,767
Nepal Earthquake Response	1,029,247	852,533
Philippines	529,581	773,367
Relief Team	1,011,154	1,153,090
South Sudan	275,731	241,006
Syria	25,730	-
Zambia Drought	117,024	(21,954)
	\$ 5,391,308	\$ 4,183,255
