



# World Renew

## Financial Statements and Supplementary Information Years Ended June 30, 2021 and 2020

# **World Renew**

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Financial Statements and Supplementary Information  
Years Ended June 30, 2021 and 2020

# World Renew

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## Independent Auditor's Report

Board of Directors  
World Renew  
Grand Rapids, Michigan

### ***Opinion***

We have audited the financial statements of World Renew (the Organization), which comprise the statements of financial position as of June 30, 2021 and 2020, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2021 and 2020, 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.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.



### ***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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BDO USA, LLP

October 26, 2021

## Financial Statements

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**World Renew**  
**Statements of Financial Position**

*June 30, 2021*

|  | Without Donor Restrictions |                     |                      | With Donor<br>Restrictions | Total                |
|--|----------------------------|---------------------|----------------------|----------------------------|----------------------|
|  | Operating                  | Designated          | Total                |                            |                      |
| <b>Assets</b>  |                            |                     |                      |                            |                      |
| Cash and cash equivalents  | \$ 1,072,937               | \$ -                | \$ 1,072,937         | \$ -                       | \$ 1,072,937         |
| Investments  | 12,656,961                 | 5,955,856           | 18,612,817           | 7,737,115                  | 26,349,932           |
| Other investments  | 18,613                     | -                   | 18,613               | -                          | 18,613               |
| Field advances   | 529,802                    | -                   | 529,802              | -                          | 529,802              |
| Pledges and grants receivable  | 319,855                    | -                   | 319,855              | 168,676                    | 488,531              |
| Interest and other receivables   | 34,337                     | -                   | 34,337               | -                          | 34,337               |
| Prepaid expenses   | 202,213                    | -                   | 202,213              | -                          | 202,213              |
| Beneficial interest in assets<br>held by Barnabas Foundation           | -                          | -                   | -                    | 5,195,870                  | 5,195,870            |
| Construction in progress   | 193,045                    | -                   | 193,045              | -                          | 193,045              |
| Property and equipment   | 611,259                    | -                   | 611,259              | -                          | 611,259              |
| Less accumulated depreciation  | (492,708)                  | -                   | (492,708)            | -                          | (492,708)            |
| <b>Total Assets</b>  | <b>\$ 15,146,314</b>       | <b>\$ 5,955,856</b> | <b>\$ 21,102,170</b> | <b>\$ 13,101,661</b>       | <b>\$ 34,203,831</b> |
| <b>Liabilities and Net Assets</b>                                      |                            |                     |                      |                            |                      |
| <b>Liabilities</b>   |                            |                     |                      |                            |                      |
| Accounts payable and accrued<br>expenses                               | \$ 526,185                 | \$ -                | \$ 526,185           | \$ -                       | \$ 526,185           |
| Due to other Christian<br>Reformed Church in North<br>America agencies | 106,925                    | -                   | 106,925              | -                          | 106,925              |
| Due to World Renew in Canada   | 2,106,189                  | -                   | 2,106,189            | -                          | 2,106,189            |
| Annuities payable  | 104,885                    | -                   | 104,885              | -                          | 104,885              |
| Overseas severance accrual   | 64,268                     | -                   | 64,268               | -                          | 64,268               |
| <b>Total Liabilities</b>   | <b>2,908,452</b>           | <b>-</b>            | <b>2,908,452</b>     | <b>-</b>                   | <b>2,908,452</b>     |
| <b>Net Assets</b>  |                            |                     |                      |                            |                      |
| Without donor restrictions   | 12,237,862                 | 5,955,856           | 18,193,718           | -                          | 18,193,718           |
| With donor restrictions  | -                          | -                   | -                    | 13,101,661                 | 13,101,661           |
| <b>Total Net Assets</b>  | <b>12,237,862</b>          | <b>5,955,856</b>    | <b>18,193,718</b>    | <b>13,101,661</b>          | <b>31,295,379</b>    |
| <b>Total Liabilities and Net Assets</b>                                | <b>\$ 15,146,314</b>       | <b>\$ 5,955,856</b> | <b>\$ 21,102,170</b> | <b>\$ 13,101,661</b>       | <b>\$ 34,203,831</b> |

*See accompanying notes to financial statements.*

# World Renew

## Statements of Financial Position

June 30, 2020

|  | Without Donor Restrictions |                     |                      | With Donor<br>Restrictions | Total                |
|--|----------------------------|---------------------|----------------------|----------------------------|----------------------|
|  | Operating                  | Designated          | Total                |                            |                      |
| <b>Assets</b>  |                            |                     |                      |                            |                      |
| Cash and cash equivalents  | \$ 2,417,467               | \$ 6,897,949        | \$ 9,315,416         | \$ 7,409,237               | \$ 16,724,653        |
| Investments held by CRCNA<br>Funds, LLC                                | 9,453,604                  | -                   | 9,453,604            | -                          | 9,453,604            |
| Other investments  | 24,963                     | -                   | 24,963               | -                          | 24,963               |
| Field advances   | 266,275                    | -                   | 266,275              | -                          | 266,275              |
| Pledges and grants receivable  | 565,645                    | -                   | 565,645              | -                          | 565,645              |
| Interest and other receivables   | 48,370                     | -                   | 48,370               | -                          | 48,370               |
| Prepaid expenses   | 290,470                    | -                   | 290,470              | -                          | 290,470              |
| Beneficial interest in assets<br>held by Barnabas Foundation           | -                          | -                   | -                    | 4,824,507                  | 4,824,507            |
| Construction in progress   | 63,499                     | -                   | 63,499               | -                          | 63,499               |
| Property and equipment   | 866,275                    | -                   | 866,275              | 155,206                    | 1,021,481            |
| Less accumulated depreciation  | (556,432)                  | -                   | (556,432)            | (58,050)                   | (614,482)            |
| <b>Total Assets</b>  | <b>\$ 13,440,136</b>       | <b>\$ 6,897,949</b> | <b>\$ 20,338,085</b> | <b>\$ 12,330,900</b>       | <b>\$ 32,668,985</b> |
| <b>Liabilities and Net Assets</b>                                      |                            |                     |                      |                            |                      |
| <b>Liabilities</b>   |                            |                     |                      |                            |                      |
| Accounts payable and accrued<br>expenses                               | \$ 441,140                 | \$ -                | \$ 441,140           | \$ -                       | \$ 441,140           |
| Due to other Christian<br>Reformed Church in North<br>America agencies | 471,291                    | -                   | 471,291              | -                          | 471,291              |
| Due to World Renew in Canada   | 1,882,785                  | -                   | 1,882,785            | -                          | 1,882,785            |
| Annuities payable  | 128,414                    | -                   | 128,414              | -                          | 128,414              |
| Overseas severance accrual   | 67,032                     | -                   | 67,032               | -                          | 67,032               |
| <b>Total Liabilities</b>   | <b>2,990,662</b>           | <b>-</b>            | <b>2,990,662</b>     | <b>-</b>                   | <b>2,990,662</b>     |
| <b>Net Assets</b>  |                            |                     |                      |                            |                      |
| Without donor restrictions   | 10,449,474                 | 6,897,949           | 17,347,423           | -                          | 17,347,423           |
| With donor restrictions  | -                          | -                   | -                    | 12,330,900                 | 12,330,900           |
| <b>Total Net Assets</b>  | <b>10,449,474</b>          | <b>6,897,949</b>    | <b>17,347,423</b>    | <b>12,330,900</b>          | <b>29,678,323</b>    |
| <b>Total Liabilities and Net Assets</b>                                | <b>\$ 13,440,136</b>       | <b>\$ 6,897,949</b> | <b>\$ 20,338,085</b> | <b>\$ 12,330,900</b>       | <b>\$ 32,668,985</b> |

*See accompanying notes to financial statements.*



# World Renew

## Statements of Activities

*Year ended June 30, 2021*

|  | Without Donor Restrictions |                     |                   | With Donor<br>Restrictions | Total               |
|--|----------------------------|---------------------|-------------------|----------------------------|---------------------|
|  | Operating                  | Designated          | Total             |                            |                     |
| <b>Revenues and Other Support</b>  |                            |                     |                   |                            |                     |
| Contributions - churches<br>and individuals:   |                            |                     |                   |                            |                     |
| Development programs   | \$ 2,150,105               | \$ -                | \$ 2,150,105      | \$ 1,061,476               | \$ 3,211,581        |
| Disaster programs  | -                          | -                   | -                 | 2,405,483                  | 2,405,483           |
| Donated services for disaster<br>programs  | 108,359                    | -                   | 108,359           | -                          | 108,359             |
| Unspecified  | 5,147,010                  | 1,267,450           | 6,414,460         | 80,942                     | 6,495,402           |
| <b>Total Contributions - Churches<br/>and Individuals</b>                                | <b>7,405,474</b>           | <b>1,267,450</b>    | <b>8,672,924</b>  | <b>3,547,901</b>           | <b>12,220,825</b>   |
| Other revenues:  |                            |                     |                   |                            |                     |
| Grants from others   | 272,463                    | -                   | 272,463           | 870,928                    | 1,143,391           |
| Gain on sale of fixed assets   | 874,984                    | -                   | 874,984           | -                          | 874,984             |
| Investment income, net   | 3,087,124                  | -                   | 3,087,124         | -                          | 3,087,124           |
| Net assets released from<br>restrictions   | 4,019,431                  | -                   | 4,019,431         | (4,019,431)                | -                   |
| Net assets released from<br>designations   | 2,209,543                  | (2,209,543)         | -                 | -                          | -                   |
| <b>Total Revenues and Other Support</b>  | <b>17,869,019</b>          | <b>(942,093)</b>    | <b>16,926,926</b> | <b>399,398</b>             | <b>17,326,324</b>   |
| <b>Expenses</b>  |                            |                     |                   |                            |                     |
| Program services:  |                            |                     |                   |                            |                     |
| Overseas development   | 8,287,471                  | -                   | 8,287,471         | -                          | 8,287,471           |
| Disaster programs  | 2,599,080                  | -                   | 2,599,080         | -                          | 2,599,080           |
| Domestic development   | 3,119                      | -                   | 3,119             | -                          | 3,119               |
| Education and justice  | 1,394,888                  | -                   | 1,394,888         | -                          | 1,394,888           |
| <b>Total Program Services</b>  | <b>12,284,558</b>          | <b>-</b>            | <b>12,284,558</b> | <b>-</b>                   | <b>12,284,558</b>   |
| Support services:  |                            |                     |                   |                            |                     |
| Fundraising  | 2,800,935                  | -                   | 2,800,935         | -                          | 2,800,935           |
| Management and general   | 995,138                    | -                   | 995,138           | -                          | 995,138             |
| <b>Total Support Services</b>  | <b>3,796,073</b>           | <b>-</b>            | <b>3,796,073</b>  | <b>-</b>                   | <b>3,796,073</b>    |
| <b>Total Expenses</b>  | <b>16,080,631</b>          | <b>-</b>            | <b>16,080,631</b> | <b>-</b>                   | <b>16,080,631</b>   |
| <b>Changes in Net Assets, before<br/>change in beneficial interest</b>                   | <b>1,788,388</b>           | <b>(942,093)</b>    | <b>846,295</b>    | <b>399,398</b>             | <b>1,245,693</b>    |
| <b>Change in Beneficial Interest in<br/>Assets Held by Barnabas<br/>Foundation</b>       |                            |                     |                   |                            |                     |
| Contributions from the beneficial<br>interest  | -                          | -                   | -                 | (656,741)                  | (656,741)           |
| Change in net assets in the<br>beneficial interest                                       | -                          | -                   | -                 | 1,028,104                  | 1,028,104           |
| <b>Total Change in Beneficial Interest<br/>in Assets Held by Barnabas<br/>Foundation</b> | <b>-</b>                   | <b>-</b>            | <b>-</b>          | <b>371,363</b>             | <b>371,363</b>      |
| <b>Changes in Net Assets</b>   | <b>\$ 1,788,388</b>        | <b>\$ (942,093)</b> | <b>\$ 846,295</b> | <b>\$ 770,761</b>          | <b>\$ 1,617,056</b> |

*See accompanying notes to financial statements.*

# World Renew

## Statements of Activities

Year ended June 30, 2020

|  | Without Donor Restrictions |                       |                       | With Donor<br>Restrictions | Total                 |
|--|----------------------------|-----------------------|-----------------------|----------------------------|-----------------------|
|  | Operating                  | Designated            | Total                 |                            |                       |
| <b>Revenues and Other Support</b>  |                            |                       |                       |                            |                       |
| Contributions - churches<br>and individuals:   |                            |                       |                       |                            |                       |
| Development programs   | \$ 1,949,364               | \$ -                  | \$ 1,949,364          | \$ 962,659                 | \$ 2,912,023          |
| Disaster programs  | -                          | -                     | -                     | 2,023,637                  | 2,023,637             |
| Donated services for disaster<br>programs  | 865,368                    | -                     | 865,368               | -                          | 865,368               |
| Unspecified  | 4,712,334                  | 1,149,820             | 5,862,154             | 500,273                    | 6,362,427             |
| <b>Total Contributions - Churches<br/>and Individuals</b>                                | <b>7,527,066</b>           | <b>1,149,820</b>      | <b>8,676,886</b>      | <b>3,486,569</b>           | <b>12,163,455</b>     |
| Other revenues:  |                            |                       |                       |                            |                       |
| Grants from others   | 570,520                    | -                     | 570,520               | 981,913                    | 1,552,433             |
| Investment income, net   | 701,416                    | -                     | 701,416               | -                          | 701,416               |
| Net assets released from<br>restrictions   | 4,157,978                  | -                     | 4,157,978             | (4,157,978)                | -                     |
| Net assets released from<br>designations   | 2,165,061                  | (2,165,061)           | -                     | -                          | -                     |
| <b>Total Revenues and Other Support</b>  | <b>15,122,041</b>          | <b>(1,015,241)</b>    | <b>14,106,800</b>     | <b>310,504</b>             | <b>14,417,304</b>     |
| <b>Expenses</b>  |                            |                       |                       |                            |                       |
| Program services:  |                            |                       |                       |                            |                       |
| Overseas development   | 8,540,366                  | -                     | 8,540,366             | -                          | 8,540,366             |
| Disaster programs  | 3,271,954                  | -                     | 3,271,954             | -                          | 3,271,954             |
| Domestic development   | 1,075,814                  | -                     | 1,075,814             | -                          | 1,075,814             |
| Education and justice  | 490,015                    | -                     | 490,015               | -                          | 490,015               |
| <b>Total Program Services</b>  | <b>13,378,149</b>          | <b>-</b>              | <b>13,378,149</b>     | <b>-</b>                   | <b>13,378,149</b>     |
| Support services:  |                            |                       |                       |                            |                       |
| Fundraising  | 2,640,208                  | -                     | 2,640,208             | -                          | 2,640,208             |
| Management and general   | 1,037,782                  | -                     | 1,037,782             | -                          | 1,037,782             |
| <b>Total Support Services</b>  | <b>3,677,990</b>           | <b>-</b>              | <b>3,677,990</b>      | <b>-</b>                   | <b>3,677,990</b>      |
| <b>Total Expenses</b>  | <b>17,056,139</b>          | <b>-</b>              | <b>17,056,139</b>     | <b>-</b>                   | <b>17,056,139</b>     |
| <b>Changes in Net Assets, before<br/>change in beneficial interest</b>                   | <b>(1,934,098)</b>         | <b>(1,015,241)</b>    | <b>(2,949,339)</b>    | <b>310,504</b>             | <b>(2,638,835)</b>    |
| <b>Change in Beneficial Interest in<br/>Assets Held by Barnabas<br/>Foundation</b>       |                            |                       |                       |                            |                       |
| Contributions from the beneficial<br>interest  | -                          | -                     | -                     | (722,993)                  | (722,993)             |
| Change in net assets in the<br>beneficial interest                                       | -                          | -                     | -                     | 44,697                     | 44,697                |
| <b>Total Change in Beneficial Interest<br/>in Assets Held by Barnabas<br/>Foundation</b> | <b>-</b>                   | <b>-</b>              | <b>-</b>              | <b>(678,296)</b>           | <b>(678,296)</b>      |
| <b>Changes in Net Assets</b>   | <b>\$ (1,934,098)</b>      | <b>\$ (1,015,241)</b> | <b>\$ (2,949,339)</b> | <b>\$ (367,792)</b>        | <b>\$ (3,317,131)</b> |

*See accompanying notes to financial statements.*

**World Renew**  
**Statements of Functional Expenses**

*Year ended June 30, 2021*

|   | Program Services        |                      |                         |                          |                           | Support Services    |                           |                           |                      |
|---|-------------------------|----------------------|-------------------------|--------------------------|---------------------------|---------------------|---------------------------|---------------------------|----------------------|
|   | Overseas<br>Development | Disaster<br>Programs | Domestic<br>Development | Education<br>and Justice | Total<br>Program Services | Fundraising         | Management<br>and General | Total<br>Support Services | Total                |
| <b>Expenses</b>                             |                         |                      |                         |                          |                           |                     |                           |                           |                      |
| Salaries                                    | \$ 2,102,863            | \$ 493,704           | \$ -                    | \$ 560,594               | \$ 3,157,161              | \$ 1,216,599        | \$ 427,472                | \$ 1,644,071              | \$ 4,801,232         |
| Employee benefits                           | 710,629                 | 189,009              | -                       | 211,218                  | 1,110,856                 | 518,436             | 131,527                   | 649,963                   | 1,760,819            |
| <b>Total Salaries and Employee Benefits</b> | <b>2,813,492</b>        | <b>682,713</b>       | <b>-</b>                | <b>771,812</b>           | <b>4,268,017</b>          | <b>1,735,035</b>    | <b>558,999</b>            | <b>2,294,034</b>          | <b>6,562,051</b>     |
| Home office costs:                          |                         |                      |                         |                          |                           |                     |                           |                           |                      |
| Operations                                  | 178,021                 | 472,917              | (2,421)                 | 447,937                  | 1,096,454                 | 648,372             | 365,870                   | 1,014,242                 | 2,110,696            |
| Printed materials                           | -                       | 159                  | -                       | 93,702                   | 93,861                    | 97,328              | -                         | 97,328                    | 191,189              |
| Travel                                      | 14                      | 13,416               | -                       | 3,007                    | 16,437                    | 7,612               | 85                        | 7,697                     | 24,134               |
| Facilities and equipment                    | 67,899                  | 151,756              | -                       | 64,930                   | 284,585                   | 295,772             | 66,850                    | 362,622                   | 647,207              |
| Training/education                          | 127,000                 | 575                  | 2,325                   | 11,746                   | 141,646                   | 15,062              | 3,334                     | 18,396                    | 160,042              |
| Promotional events and mailings             | -                       | 2,274                | -                       | 1,754                    | 4,028                     | 1,754               | -                         | 1,754                     | 5,782                |
| <b>Total Home Office Costs</b>              | <b>372,934</b>          | <b>641,097</b>       | <b>(96)</b>             | <b>623,076</b>           | <b>1,637,011</b>          | <b>1,065,900</b>    | <b>436,139</b>            | <b>1,502,039</b>          | <b>3,139,050</b>     |
| Field costs:                                |                         |                      |                         |                          |                           |                     |                           |                           |                      |
| Travel                                      | 86,411                  | 37,734               | -                       | -                        | 124,145                   | -                   | -                         | -                         | 124,145              |
| Vehicle                                     | 148,332                 | 24,986               | -                       | -                        | 173,318                   | -                   | -                         | -                         | 173,318              |
| Housing                                     | 280,588                 | 15,615               | -                       | -                        | 296,203                   | -                   | -                         | -                         | 296,203              |
| Field office costs                          | 356,985                 | 14,934               | -                       | -                        | 371,919                   | -                   | -                         | -                         | 371,919              |
| Capital expenses                            | 216,817                 | 85                   | -                       | -                        | 216,902                   | -                   | -                         | -                         | 216,902              |
| Training/education                          | 88,490                  | -                    | -                       | -                        | 88,490                    | -                   | -                         | -                         | 88,490               |
| National staff costs                        | 1,056,434               | 108,359              | 1,436                   | -                        | 1,166,229                 | -                   | -                         | -                         | 1,166,229            |
| Objective costs:                            |                         |                      |                         |                          |                           |                     |                           |                           |                      |
| Food production                             | 816,434                 | -                    | -                       | -                        | 816,434                   | -                   | -                         | -                         | 816,434              |
| Income generation                           | 147,001                 | -                    | -                       | -                        | 147,001                   | -                   | -                         | -                         | 147,001              |
| Health                                      | 452,138                 | -                    | -                       | -                        | 452,138                   | -                   | -                         | -                         | 452,138              |
| HIV/AIDS awareness and prevention           | 34,752                  | -                    | -                       | -                        | 34,752                    | -                   | -                         | -                         | 34,752               |
| Literacy                                    | 84,631                  | -                    | -                       | -                        | 84,631                    | -                   | -                         | -                         | 84,631               |
| Community development                       | 625,857                 | -                    | -                       | -                        | 625,857                   | -                   | -                         | -                         | 625,857              |
| Diaconal development                        | 40,497                  | -                    | -                       | -                        | 40,497                    | -                   | -                         | -                         | 40,497               |
| COVID-19 aid to churches                    | -                       | -                    | 1,779                   | -                        | 1,779                     | -                   | -                         | -                         | 1,779                |
| Justice                                     | 311,198                 | -                    | -                       | -                        | 311,198                   | -                   | -                         | -                         | 311,198              |
| Disaster relief                             | -                       | 1,073,557            | -                       | -                        | 1,073,557                 | -                   | -                         | -                         | 1,073,557            |
| Other                                       | 354,480                 | -                    | -                       | -                        | 354,480                   | -                   | -                         | -                         | 354,480              |
| <b>Total Field Costs</b>                    | <b>5,101,045</b>        | <b>1,275,270</b>     | <b>3,215</b>            | <b>-</b>                 | <b>6,379,530</b>          | <b>-</b>            | <b>-</b>                  | <b>-</b>                  | <b>6,379,530</b>     |
| <b>Total Expenses</b>                       | <b>\$ 8,287,471</b>     | <b>\$ 2,599,080</b>  | <b>\$ 3,119</b>         | <b>\$ 1,394,888</b>      | <b>\$ 12,284,558</b>      | <b>\$ 2,800,935</b> | <b>\$ 995,138</b>         | <b>\$ 3,796,073</b>       | <b>\$ 16,080,631</b> |

*See accompanying notes to financial statements.*

**World Renew**  
**Statements of Functional Expenses**

Year ended June 30, 2020

|   | Program Services     |                     |                      |                       |                        | Support Services    |                        |                     |                      | Total |
|---|----------------------|---------------------|----------------------|-----------------------|------------------------|---------------------|------------------------|---------------------|----------------------|-------|
|   | Overseas Development | Disaster Programs   | Domestic Development | Education and Justice | Total Program Services | Fundraising         | Management and General | Support Services    | Total                |       |
| <b>Expenses</b>                             |                      |                     |                      |                       |                        |                     |                        |                     |                      |       |
| Salaries                                    | \$ 2,078,972         | \$ 541,581          | \$ 349,669           | \$ 243,831            | \$ 3,214,053           | \$ 1,107,849        | \$ 343,445             | \$ 1,451,294        | \$ 4,665,347         |       |
| Employee benefits                           | 741,736              | 215,737             | 137,885              | 85,538                | 1,180,896              | 459,569             | 120,109                | 579,678             | 1,760,574            |       |
| <b>Total Salaries and Employee Benefits</b> | <b>2,820,708</b>     | <b>757,318</b>      | <b>487,554</b>       | <b>329,369</b>        | <b>4,394,949</b>       | <b>1,567,418</b>    | <b>463,554</b>         | <b>2,030,972</b>    | <b>6,425,921</b>     |       |
| Home office costs:                          |                      |                     |                      |                       |                        |                     |                        |                     |                      |       |
| Operations                                  | 254,970              | 184,453             | 229,198              | 96,490                | 765,111                | 672,302             | 434,832                | 1,107,134           | 1,872,245            |       |
| Printed materials                           | 292                  | 653                 | 106,838              | 4,330                 | 112,113                | 108,406             | 510                    | 108,916             | 221,029              |       |
| Travel                                      | 28,850               | 19,759              | 35,294               | 20,616                | 104,519                | 75,386              | 14,653                 | 90,039              | 194,558              |       |
| Facilities and equipment                    | 95,415               | 152,800             | 74,469               | 37,378                | 360,062                | 184,349             | 102,521                | 286,870             | 646,932              |       |
| Training/education                          | 111,852              | 5,576               | 6,447                | 1,212                 | 125,087                | 10,965              | 21,712                 | 32,677              | 157,764              |       |
| Promotional events and mailings             | 1,000                | 6,814               | 21,287               | 620                   | 29,721                 | 21,382              | -                      | 21,382              | 51,103               |       |
| <b>Total Home Office Costs</b>              | <b>492,379</b>       | <b>370,055</b>      | <b>473,533</b>       | <b>160,646</b>        | <b>1,496,613</b>       | <b>1,072,790</b>    | <b>574,228</b>         | <b>1,647,018</b>    | <b>3,143,631</b>     |       |
| Field costs:                                |                      |                     |                      |                       |                        |                     |                        |                     |                      |       |
| Travel                                      | 212,188              | 226,287             | -                    | -                     | 438,475                | -                   | -                      | -                   | 438,475              |       |
| Vehicle                                     | 153,263              | 26,819              | -                    | -                     | 180,082                | -                   | -                      | -                   | 180,082              |       |
| Housing                                     | 280,833              | 106,209             | -                    | -                     | 387,042                | -                   | -                      | -                   | 387,042              |       |
| Field office costs                          | 374,429              | 90,257              | -                    | -                     | 464,686                | -                   | -                      | -                   | 464,686              |       |
| Capital expenses                            | 219,185              | -                   | -                    | -                     | 219,185                | -                   | -                      | -                   | 219,185              |       |
| Training/education                          | 115,901              | 1,665               | -                    | -                     | 117,566                | -                   | -                      | -                   | 117,566              |       |
| National staff costs                        | 1,048,039            | 865,368             | -                    | -                     | 1,913,407              | -                   | -                      | -                   | 1,913,407            |       |
| Objective costs:                            |                      |                     |                      |                       |                        |                     |                        |                     |                      |       |
| Food production                             | 967,933              | -                   | -                    | -                     | 967,933                | -                   | -                      | -                   | 967,933              |       |
| Income generation                           | 130,602              | -                   | -                    | -                     | 130,602                | -                   | -                      | -                   | 130,602              |       |
| Health                                      | 466,366              | -                   | -                    | -                     | 466,366                | -                   | -                      | -                   | 466,366              |       |
| HIV/AIDS awareness and prevention           | 42,141               | -                   | -                    | -                     | 42,141                 | -                   | -                      | -                   | 42,141               |       |
| Literacy                                    | 88,845               | -                   | -                    | -                     | 88,845                 | -                   | -                      | -                   | 88,845               |       |
| Community development                       | 546,937              | -                   | -                    | -                     | 546,937                | -                   | -                      | -                   | 546,937              |       |
| Diaconal development                        | 26,323               | -                   | -                    | -                     | 26,323                 | -                   | -                      | -                   | 26,323               |       |
| COVID-19 aid to churches                    | -                    | -                   | 98,000               | -                     | 98,000                 | -                   | -                      | -                   | 98,000               |       |
| Justice                                     | 424,322              | -                   | -                    | -                     | 424,322                | -                   | -                      | -                   | 424,322              |       |
| Disaster relief                             | -                    | 827,976             | -                    | -                     | 827,976                | -                   | -                      | -                   | 827,976              |       |
| Other                                       | 129,972              | -                   | 16,727               | -                     | 146,699                | -                   | -                      | -                   | 146,699              |       |
| <b>Total Field Costs</b>                    | <b>5,227,279</b>     | <b>2,144,581</b>    | <b>114,727</b>       | <b>-</b>              | <b>7,486,587</b>       | <b>-</b>            | <b>-</b>               | <b>-</b>            | <b>7,486,587</b>     |       |
| <b>Total Expenses</b>                       | <b>\$ 8,540,366</b>  | <b>\$ 3,271,954</b> | <b>\$ 1,075,814</b>  | <b>\$ 490,015</b>     | <b>\$ 13,378,149</b>   | <b>\$ 2,640,208</b> | <b>\$ 1,037,782</b>    | <b>\$ 3,677,990</b> | <b>\$ 17,056,139</b> |       |

See accompanying notes to financial statements.

# World Renew

## Statements of Changes in Net Assets

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|                               | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total         |
|-------------------------------|-------------------------------|----------------------------|---------------|
| <b>Balance, July 1, 2019</b>  | \$ 20,296,762                 | \$ 12,698,692              | \$ 32,995,454 |
| <b>Changes in net assets</b>  | (2,949,339)                   | (367,792)                  | (3,317,131)   |
| <b>Balance, June 30, 2020</b> | 17,347,423                    | 12,330,900                 | 29,678,323    |
| <b>Changes in net assets</b>  | 846,295                       | 770,761                    | 1,617,056     |
| <b>Balance, June 30, 2021</b> | \$ 18,193,718                 | \$ 13,101,661              | \$ 31,295,379 |

*See accompanying notes to financial statements.*

**World Renew**  
**Statements of Cash Flows**

| <i>Year ended June 30,</i>   | <b>2021</b>         | <b>2020</b>          |
|--|---------------------|----------------------|
| <b>Cash Flows from Operating Activities</b>  |                     |                      |
| Changes in net assets  | \$ 1,617,056        | \$ (3,317,131)       |
| Adjustments to reconcile changes in net assets to net cash used in operating activities: |                     |                      |
| Change in value of annuities   | (2,692)             | 10,985               |
| Depreciation   | 70,194              | 80,011               |
| Net realized gain on sale of investments   | (2,712,251)         | -                    |
| Net unrealized gain on investments   | (137,648)           | (346,652)            |
| Net change in beneficial interest in assets held by Barnabas Foundation                  | (1,028,104)         | (44,697)             |
| Net gain (loss) on sale of property and equipment  | (874,984)           | 8,454                |
| Changes in assets and liabilities:   |                     |                      |
| Field advances   | (263,527)           | (24,524)             |
| Due to other Christian Reformed Church of North America agencies                         | (364,366)           | 376,446              |
| Due to World Renew in Canada   | 223,404             | 1,823,745            |
| Pledges and grants receivable  | 77,114              | 87,974               |
| Interest and other receivables   | 14,033              | 10,132               |
| Prepaid expenses   | 88,257              | 1,103                |
| Accounts payable and accrued expenses  | 85,045              | 19,533               |
| Overseas severance accrual   | (2,764)             | (54,994)             |
| <b>Net Cash Used in Operating Activities</b>   | <b>(3,211,233)</b>  | <b>(1,369,615)</b>   |
| <b>Cash Flows from Investing Activities</b>  |                     |                      |
| Proceeds from sale of property and equipment   | 1,170,085           | -                    |
| Purchases of property and equipment  | (206,393)           | (77,448)             |
| Contributions from the beneficial interest   | 656,741             | 722,993              |
| Sale of investments held by CRCNA Funds, LLC   | 26,158,608          | -                    |
| Purchases of investments   | (40,198,687)        | (213,752)            |
| <b>Net Cash Used in Investing Activities</b>   | <b>(12,419,646)</b> | <b>431,793</b>       |
| <b>Cash Flows from Financing Activities</b>  |                     |                      |
| Payments on annuity agreements   | (20,837)            | (24,677)             |
| <b>Net Decrease in Cash and Cash Equivalents</b>   | <b>(15,651,716)</b> | <b>(962,499)</b>     |
| <b>Cash and Cash Equivalents, beginning of year</b>                                      | <b>16,724,653</b>   | <b>17,687,152</b>    |
| <b>Cash and Cash Equivalents, end of year</b>  | <b>\$ 1,072,937</b> | <b>\$ 16,724,653</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 the Christian Reformed Church in North America (CRCNA) and with various U.S. churches.
- *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*

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

- Revenues are reported as increases in net assets without donor restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulation. Expirations of net assets with donor restrictions (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 with donor-imposed restrictions where the restrictions are met in the same year as the contribution is received are reported as revenues without donor restrictions.
- 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.

# World Renew

## Notes to Financial Statements

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During the fiscal years ended June 30, 2021 and 2020, \$2,209,543 and \$2,165,061, respectively, were released from designation and moved to operating net assets without donor restrictions.

### ***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.

### ***Concentrations of Credit Risk***

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents. The Organization places its cash and cash equivalents with high credit qualified institutions. At times, the amount of cash and cash equivalents may be in excess of the respective institutions' insurance limits. The Organization has not experienced any losses in such accounts, and management believes the Organization is not exposed to any unusual credit risk on cash and cash equivalents.

### ***Investments***

Investments are carried at fair value as determined by quoted market prices and other measurement inputs. See Notes 5 and 6 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.

### ***Pledges and Grants Receivable***

Pledges and grants receivable consist of unconditional promises to give and are recorded in the year the promise is made. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows.

The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. The interest rate used in computing the discount of the estimated future cash flows was 0.30% for pledges received in 2021. The discount will be recognized as contributions revenue in future fiscal years as the discount is amortized over the duration of the contributions. An allowance for uncollectible contributions receivable is provided based on management's judgment, including such factors as prior collection history, subsequent collections, type of contribution, and nature of



# World Renew

## Notes to Financial Statements

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fundraising activity. Conditional promises to give are not included as revenue until the conditions are substantially met.

### ***Property, Equipment, and Depreciation***

Property and equipment are carried at cost less accumulated depreciation. Property and equipment purchases of \$5,000 or more are capitalized and depreciated using the straight-line method over the estimated useful lives of the assets, which range from two to 40 years. Property and equipment for use in international fields are expensed at the time of purchase.

### ***Net Assets***

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

#### ***Net Assets Without Donor Restrictions***

Net assets without donor restrictions are available for use at the discretion of the Board of Trustees (the Board) and/or management for general operating purposes. From time to time, the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. The Board has designated a portion of net assets without donor restrictions as a quasi-term-endowment (an amount to be treated by management as if it were part of the donor-restricted term-endowment) for the purpose of securing the Organization's long-term financial viability. See Note 15 for further details.

#### ***Net Assets with Donor Restrictions***

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time, and/or purpose restrictions. The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires—that is, when a stipulated time restriction ends, or a purpose restriction is accomplished—the net assets are reclassified as net assets without donor restriction and reported in the consolidated statements of activities as net assets released from restrictions. See Notes 16 and 17 for further details.

### ***Donated Services***

Donated services are reflected in the statements of activities to the extent that they are in accordance with accounting principles generally accepted in the United States of America. Skilled volunteer service hours of 3,797 and 31,815 were contributed to the Organization and recorded in the statements of activities in the amount of \$108,359 and \$865,368 as revenues and expenses during the years ended June 30, 2021 and 2020, respectively. The skills provided include management, construction trades, and accounting. Certain other donated services are not reflected in the financial statements inasmuch as these services do not create or enhance nonfinancial assets or require specialized skills. Volunteer service hours of approximately 6,200 and 100,300 were contributed to the Organization, but not reflected in the financial statements, during the years ended June 30, 2021 and 2020, respectively, by approximately 250 and 1,300 individuals, respectively.

# World Renew

## Notes to Financial Statements

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### ***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 2021 and 2020 fiscal years, respectively, these joint costs totaled \$1,928,979 and \$1,935,994, with an allocation of \$964,490 and \$967,997 to fundraising and an allocation of \$964,490 and \$967,997 to education and justice.

### ***Investment Income, Net***

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

### ***Functional Allocation of Expenses***

The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas. A portion of general and administrative costs that benefit multiple functional areas (indirect costs) have been allocated across programs and other supporting services based on the proportion of full-time employee equivalents of a program or other supporting service versus the total organizational full-time employee equivalents.

### ***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 26, 2021, 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.

On August 17, 2021, the Organization signed a \$4,100,000 purchase agreement for its new headquarters.

# World Renew

## Notes to Financial Statements

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### 3. Liquidity

The Organization's financial assets available within one year of the statements of financial position date for general expenditures are as follows:

| <i>June 30,</i>   | <b>2021</b>          | <b>2020</b>          |
|---|----------------------|----------------------|
| Cash and cash equivalents, without donor restrictions     | \$ 1,072,937         | \$ 9,315,416         |
| Investments held by CRCNA Funds, LLC                      | -                    | 9,453,604            |
| Investments, without donor restrictions                   | 18,612,817           | -                    |
| Other investments   | 18,613               | 24,963               |
| Field advances  | 529,802              | 266,275              |
| Pledges and grants receivables                            | 165,781              | 157,803              |
| Interest and other receivables                            | 34,337               | 48,370               |
| Beneficial interest in assets held by Barnabas Foundation | 381,993              | 180,438              |
| <b>Total</b>  | <b>\$ 20,816,280</b> | <b>\$ 19,446,869</b> |

Pledges and grants receivable in the table above only include the amounts without donor restrictions to be received within one year of the statement of financial position date. Beneficial interest in assets held by Barnabas Foundation include the amount to be released from restrictions within one year.

The assets above include Board-designated funds as discussed in Note 15. While the Organization does not intend to spend these for purpose other than determined by the Board, the funds could be made available for current operations, if necessary.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

### 4. Property and Equipment

A summary of property and equipment is as follows:

| <i>June 30,</i>                      | <b>2021</b>       | <b>2020</b>         |
|--------------------------------------|-------------------|---------------------|
| Land                                 | \$ -              | \$ 130,206          |
| Buildings and leasehold improvements | 7,850             | 216,850             |
| Vehicles and equipment               | 603,409           | 674,425             |
| <b>Total</b>                         | <b>\$ 611,259</b> | <b>\$ 1,021,481</b> |

Depreciation expense was \$70,194 and \$80,011 for the years ended June 30, 2021 and 2020, respectively.

The Organization is implementing a gift receipting system and constructing a new shower trailer, at a cost of approximately \$190,200 and \$2,800, respectively. Total construction in progress was approximately \$193,000 for the year ended June 30, 2021, and this amount is stated at cost and not depreciated. The incurred costs will be transferred to vehicles and equipment upon completion.

# World Renew

## Notes to Financial Statements

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In fiscal year 2021, the Organization sold fixed assets with a net book value of \$218,000 with a related realized gain of \$875,000.

### 5. Investments

The Organization had directed the majority of its investments through CRCNA Funds, LLC (CRCNA Funds) until May 2021. CRCNA Funds holds investments of the participating agencies of the Christian Reformed Church, which are administered and managed by U.S. 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. In May 2021, these investments were transferred into accounts held directly by the Organization.

#### *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>          | <b>2021</b>          | <b>2020</b>         |
|--------------------------|----------------------|---------------------|
| Investments:             |                      |                     |
| Held by:                 |                      |                     |
| World Renew              |                      |                     |
| Fixed-income portfolio   | \$ 11,029,046        | \$ -                |
| Balanced portfolio       | 15,320,886           | -                   |
| CRCNA Funds, LLC         |                      |                     |
| Fixed-income portfolio   | -                    | 28,595              |
| Balanced portfolio       | -                    | 9,425,009           |
| <b>Total Investments</b> | <b>\$ 26,349,932</b> | <b>\$ 9,453,604</b> |
| <b>Other Investments</b> | <b>\$ 18,613</b>     | <b>\$ 24,963</b>    |

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 \$3,087,124 and \$701,000 for the years ended June 30, 2021 and 2020, respectively, represented reinvested investment and dividend income of approximately \$237,000 and \$194,000, distributed investment income of approximately \$0 and \$160,000, net unrealized gains of approximately \$138,000 and \$347,000, respectively, and realized investment gains of \$2,712,000 and \$0, respectively.

# World Renew

## Notes to Financial Statements

### 6. 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, 2021</i>              | Level 1              | Level 2             | Level 3          | Total                |
|-----------------------------------|----------------------|---------------------|------------------|----------------------|
| Investments                       | \$ 23,475,869        | \$ 2,874,063        | \$ -             | \$ 26,349,932        |
| Other investments                 | 3,134                | -                   | 15,479           | 18,613               |
| <b>Investments, at fair value</b> | <b>\$ 23,479,003</b> | <b>\$ 2,874,063</b> | <b>\$ 15,479</b> | <b>\$ 26,368,545</b> |
| <b>Annuities Payable</b>          | <b>\$ -</b>          | <b>\$ 104,885</b>   | <b>\$ -</b>      | <b>\$ 104,885</b>    |

| <i>June 30, 2020</i>                 | Level 1             | Level 2           | Level 3          | Total               |
|--------------------------------------|---------------------|-------------------|------------------|---------------------|
| Investments held by CRCNA Funds, LLC | \$ 8,592,776        | \$ 860,828        | \$ -             | \$ 9,453,604        |
| Other investments                    | 3,133               | -                 | 21,830           | 24,963              |
| <b>Investments, at fair value</b>    | <b>\$ 8,595,909</b> | <b>\$ 860,828</b> | <b>\$ 21,830</b> | <b>\$ 9,478,567</b> |
| <b>Annuities Payable</b>             | <b>\$ -</b>         | <b>\$ 128,414</b> | <b>\$ -</b>      | <b>\$ 128,414</b>   |

The change in the Organization's Level 3 investment was due to a net unrealized loss of \$6,351 and \$4,615 for the years ended June 30, 2021 and 2020, respectively.

### 7. Pledges and Grants Receivable

Pledges and grants receivable consist of the following unconditional promises to give at:

| <i>June 30,</i>                            | 2021              | 2020              |
|--|-------------------|-------------------|
| Amount due in less than one year           | \$ 334,921        | \$ 213,964        |
| Amount due in one to five years            | 155,000           | 360,000           |
| <b>Total Pledges and Grants Receivable</b> | <b>489,921</b>    | <b>573,964</b>    |
| Less: discount                             | (1,390)           | (8,319)           |
| <b>Total</b>                               | <b>\$ 488,531</b> | <b>\$ 565,645</b> |

# World Renew

## Notes to Financial Statements

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### 8. 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 (IRS) 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, 2021). The resulting adjustment is netted against investment income in the statements of activities.

### 9. Conditional Support

The Organization has been identified as the primary beneficiary of charitable gift annuities 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 \$536,700 and \$444,900 at June 30, 2021 and 2020, 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.

### 10. 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 result depending on the original funding source of these shared costs. The amount due to World Renew in Canada was approximately \$2,106,200 and \$1,882,800 for the years ended June 30, 2021 and 2020, respectively.

### 11. 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, 2021 and 2020.

Retirement plan contribution expense for the years ended June 30, 2021 and 2020 amounted to approximately \$434,900 and \$407,500, respectively, for the plan.

# World Renew

## Notes to Financial Statements

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### 12. Transactions with Other Christian Reformed Church Entities

#### *Paycheck Protection Program Financial Support*

On their behalf and that of the Christian Reformed Church in North America, Raise Up Global Ministries, World Renew, and ReFrame Ministries International applied for a \$4,184,145 loan under the Small Business Administration's Paycheck Protection Program (PPP) through provision by the CARES Act. In May 2020, TCF National Bank tendered the \$4,184,145 with a 1% interest-bearing promissory note that specifies repayment in 18 monthly installments beginning December 1, 2020.

These agencies applied for these PPP monies with the expectation of meeting the eligibility criteria for loan forgiveness. As such, they have elected to account these PPP loans in accordance with the FASB Accounting Standards Codification 958-605 as a conditional contribution. This allows each agency to recognize contribution income as qualifying expenses are incurred.

The allocation of PPP monies among the four agencies is as follows:

|  | Amount Awarded      | Conditions Met as of June 30, 2021 | Remaining Balance as of June 30, 2021 |
|--|---------------------|------------------------------------|---------------------------------------|
| Re-Frame Ministries International          | \$ 530,578          | \$ (530,578)                       | \$ -                                  |
| World Renew                                | 817,258             | (817,258)                          | -                                     |
| Raise Up Global Ministries                 | 59,562              | (59,562)                           | -                                     |
| Christian Reformed Church in North America | 2,776,747           | (2,776,747)                        | -                                     |
| <b>Total</b>                               | <b>\$ 4,184,145</b> | <b>\$ (4,184,145)</b>              | <b>\$ -</b>                           |

The Organization recognized as revenue \$249,165 and \$568,093, for fiscal years ended June 30, 2021 and 2020, respectively, which were included in the statement of activities under "grants from others".

The Small Business Administration provided a notice of forgiveness to ReFrame Ministries International with an effective date of June 16, 2021.

#### *Other Transactions with Other Christian Reformed Church Entities*

The Organization purchased printed material totaling approximately \$0 and \$136,300 in 2021 and 2020, respectively, from the CRCNA and incurred charges of approximately \$388,400 and \$606,700 in 2021 and 2020, respectively, for administrative support, copying, mailing and other services. The Organization also incurred charges during 2021 and 2020 of approximately \$302,700 and \$328,200, respectively, from the CRCNA for support charges related to the financial services function, and approximately \$267,400 and \$408,600, respectively, of allocated building occupancy expense. The Organization made grants to or paid project expenses on behalf of other Christian Reformed Church entities totaling approximately \$32,500 and \$58,700 in 2021 and 2020, respectively.

# World Renew

## Notes to Financial Statements

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### *Amount Due to Other Christian Reformed Church Entities and Borrowing Agreement*

The Organization's amounts due to other CRCNA agencies were approximately \$106,900 and \$471,300 at June 30, 2021 and 2020, respectively. The decrease in the June 30, 2021 amount due balance relates, in part, to approximately \$249,200 in forgiveness of the remaining PPP grant funds.

The Organization manages some of 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. 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.

### 13. 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. These funds are included within the Overseas Development category of restricted net assets. 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.

In fiscal years ended June 30, 2021 and 2020, the Organization had the following changes in Board-designated and donor-restricted term endowments:

|                                | Village Savings<br>and Loan Fund<br>With Donor<br>Restriction | Joseph Fund<br>Board-Designated | Joseph Fund<br>With Donor<br>Restriction |
|--------------------------------|---|---------------------------------|--|
| <b>Balance, July 1, 2019</b>   | \$ 216,632  | \$ 7,913,190                    | \$ 261,668                               |
| Gifts received and adjustments | 140,127   | 1,149,820                       | 39,807                                   |
| Releases                       | (161,754)   | (2,165,061)                     | (68,029)                                 |
| <b>Balance, June 30, 2020</b>  | 195,005   | 6,897,949                       | 233,446                                  |
| Gifts received and adjustments | 109,681   | 1,267,450                       | 80,941                                   |
| Releases                       | (130,555)   | (2,209,543)                     | (67,287)                                 |
| <b>Balance, June 30, 2021</b>  | \$ 174,131  | \$ 5,955,856                    | \$ 247,100                               |



# World Renew

## Notes to Financial Statements

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### 14. 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 are summarized as follows:

| <i>Year ended June 30,</i>   | 2021                | 2020                |
|--|---------------------|---------------------|
| <b>Beginning Balance</b>   | \$ 4,824,507        | \$ 5,502,803        |
| Change in beneficial interest in the net assets of the<br>Barnabas Foundation before contributions | 1,028,104           | 44,697              |
| Contributions to the Organization  | (656,741)           | (722,993)           |
| <b>Ending Balance</b>  | <b>\$ 5,195,870</b> | <b>\$ 4,824,507</b> |

### 15. Net Assets Without Donor Restriction

The Organization's net assets without donor restrictions is comprised of undesignated and Board-designated amounts for the following purposes at:

| <i>June 30,</i>                                    | 2021                 | 2020                 |
|--|----------------------|----------------------|
| <b>Net Assets Without Donor Restriction</b>        |                      |                      |
| Undesignated (operating)                           | \$ 12,237,862        | \$ 10,449,474        |
| Board-designated for Joseph Fund                   | 5,955,856            | 6,897,949            |
| <b>Total Net Assets Without Donor Restrictions</b> | <b>\$ 18,193,718</b> | <b>\$ 17,347,423</b> |

The Board-designated Joseph Fund represents unrestricted estate monies received. 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.

### 16. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

| <i>June 30,</i>                                 | 2021                 | 2020                 |
|---|----------------------|----------------------|
| Overseas development                            | \$ 6,955,325         | \$ 6,555,123         |
| Disaster programs                               | 5,899,236            | 5,445,175            |
| Joseph Fund and other                           | 247,100              | 330,602              |
| <b>Total Net Assets with Donor Restrictions</b> | <b>\$ 13,101,661</b> | <b>\$ 12,330,900</b> |

# World Renew

## Notes to Financial Statements

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The various purposes of the above donor-restricted amounts are as follows:

- *Overseas Development* - 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* - 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.
- *Joseph Fund and Other* - Consists of the net book value of a gifted cottage and 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.

### 17. Net Assets Released from Donor Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors. The net assets released from restrictions are as follow:

| <i>Year ended June 30,</i>                   | <b>2021</b>         | <b>2020</b>      |
|--|---------------------|------------------|
| Overseas development                         | \$ 1,903,565        | 2,150,945        |
| Disaster programs                            | 1,951,423           | 1,937,204        |
| Joseph Fund and other                        | 164,443             | 69,829           |
| <b>Net Assets Released from Restrictions</b> | <b>\$ 4,019,431</b> | <b>4,157,978</b> |

### 18. Risks and Uncertainties

#### *COVID-19*

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

Management is actively monitoring the impact of the global situation on the not-for-profit industry, financial condition, liquidity and operations. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021. Although the Organization cannot estimate the length or gravity of the impact of the COVID\_19 outbreak at this time, if the pandemic continues, it may have an adverse effect on results of future operations, financial position, and liquidity in fiscal year 2021. The Organization's operations are heavily dependent upon contributions.

# World Renew

## Notes to Financial Statements

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### *CARES Act*

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer-side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property.

The CARES Act also appropriated funds for the SBA Paycheck Protection Program loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. The financial assistance provided to the Organization and related parties, as identified in Note 12, through the SBA Paycheck Protection Program is outlined within Note 12.

The Organization continues to examine the impact that the CARES Act may have on operations. The application for these funds requires the Organization and related parties to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Organization and related parties. This certification further requires the Organization and related parties to take into account their current business activity and the ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to their respective business operations. The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on the Organization and related parties having initially qualified for the loan and qualifying for the forgiveness of such loan based on their future adherence to the forgiveness criteria.

## 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 were 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 to 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 to 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 26, 2021

## World Renew

### Details of Overseas Development Program Services

| <i>Year ended June 30,</i> | 2021                | 2020                |
|----------------------------|---------------------|---------------------|
| Bangladesh                 | \$ 691,960          | \$ 647,023          |
| Cambodia                   | 272,949             | 266,206             |
| Dominican Republic         | -                   | 34,300              |
| Guatemala                  | 318,069             | 323,433             |
| Haiti                      | 489,657             | 467,704             |
| Honduras                   | 451,088             | 661,725             |
| India                      | 109,372             | 123,440             |
| Kenya                      | 180,646             | 209,899             |
| Laos                       | 402,939             | 314,470             |
| Malawi                     | 136,039             | 145,769             |
| Mali                       | 234,200             | 289,747             |
| Mexico                     | -                   | 29,772              |
| Mozambique                 | 130,616             | 109,935             |
| Nicaragua                  | 496,498             | 595,292             |
| Niger                      | 359,770             | 325,846             |
| Nigeria                    | 392,459             | 372,823             |
| Senegal                    | 238,381             | 202,624             |
| Sierra Leone               | 107,069             | 109,759             |
| Tanzania                   | 171,226             | 139,130             |
| Uganda                     | 822,591             | 593,785             |
| Zambia                     | 37,590              | 51,163              |
| Regional ministries        | 905,672             | 1,035,754           |
| Program development        | 1,338,680           | 1,490,767           |
| <b>Total</b>               | <b>\$ 8,287,471</b> | <b>\$ 8,540,366</b> |

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