

World Renew  
(Incorporated in Canada)  
Financial Statements  
For the year ended June 30, 2023

**World Renew**  
**Financial Statements**  
For the year ended June 30, 2023

**Contents**

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<b>Independent Auditor's Report</b>	<b>2 - 3</b>
<b>Financial Statements</b>	
Statement of Financial Position	<b>4 - 5</b>
Statement of Activities	<b>6 - 7</b>
Schedule of Functional Expenses	<b>8 - 9</b>
Statement of Changes in Net Assets	<b>10</b>
Statement of Cash Flows	<b>11</b>
Notes to Financial Statements	<b>12 - 17</b>
Schedule of Overseas Development Programs Expenses	<b>18</b>
Schedule of Disaster Programs Expenses	<b>19</b>



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## Independent Auditor's Report

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To the Governing Board of World Renew

### Qualified Opinion

We have audited the financial statements of World Renew (the "Organization"), which comprise the statement of financial position as at June 30, 2023, and the statements of activities, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at June 30, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess (deficiency) of revenue over expenses, and cash flows from operations for the years ended June 30, 2023 and 2022, current assets as at June 30, 2023 and 2022, and net assets as at July 1 and June 30 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended June 30, 2022 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.



### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*BDO Canada LLP*


Chartered Professional Accountants, Licensed Public Accountants  
Oakville, Ontario  
December 15, 2023

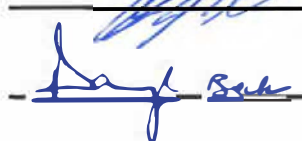
**World Renew  
Statement of Financial Position**

**June 30, 2023**

	Operating	Board Designated	CFGB	Total
<b>Assets</b>				
<b>Current</b>				
Cash	\$ 4,563,827	\$ 4,431,067	\$ -	\$ 8,994,894
Accounts receivable	79,749	-	-	79,749
Prepaid expenses	46,275	-	-	46,275
Field advances (Note 2)	58,231	-	-	58,231
Due from related parties (Note 3)	4,830,461	-	-	4,830,461
	<b>9,578,543</b>	<b>4,431,067</b>	<b>-</b>	<b>14,009,610</b>
Investment in CFGB (Note 4)	-	-	7,288,600	7,288,600
	<b>\$ 9,578,543</b>	<b>\$ 4,431,067</b>	<b>\$ 7,288,600</b>	<b>\$ 21,298,210</b>
<b>Liabilities</b>				
<b>Current</b>				
Accounts payable and accrued liabilities	\$ 1,093,184	\$ -	\$ -	\$ 1,093,184
Deferred contributions (Note 6)	4,462,439	-	-	4,462,439
	<b>5,555,623</b>	<b>-</b>	<b>-</b>	<b>5,555,623</b>
<b>Net Assets</b>				
Operating	4,022,920	-	-	4,022,920
Restricted				
Board designated	-	4,431,067	-	4,431,067
CFGB (Note 4)	-	-	7,288,600	7,288,600
	<b>4,022,920</b>	<b>4,431,067</b>	<b>7,288,600</b>	<b>15,742,587</b>
	<b>\$ 9,578,543</b>	<b>\$ 4,431,067</b>	<b>\$ 7,288,600</b>	<b>\$ 21,298,210</b>

On behalf of the Board:

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

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

## World Renew Statement of Financial Position

June 30, 2022

	Operating	Board Designated	CFGB	Total
<b>Assets</b>				
<b>Current</b>				
Cash	\$ 9,659,403	\$ 4,081,278	\$ -	\$ 13,740,681
Accounts receivable	101,155	-	-	101,155
Prepaid expenses	32,431	-	-	32,431
Field advances (Note 2)	266,883	-	-	266,883
Due from related parties (Note 3)	2,000,000	-	-	2,000,000
	12,059,872	4,081,278	-	16,141,150
<b>Investment in CFGB (Note 4)</b>	-	-	7,233,587	7,233,587
<b>Capital assets (Note 5)</b>	444	-	-	444
	\$ 12,060,316	\$ 4,081,278	\$ 7,233,587	\$ 23,375,181
<b>Liabilities</b>				
<b>Current</b>				
Accounts payable and accrued liabilities	\$ 814,609	\$ -	\$ -	\$ 814,609
Due to related party (Note 3)	663,468	-	-	663,468
Deferred contributions (Note 6)	5,560,303	-	-	5,560,303
	7,038,380	-	-	7,038,380
<b>Net Assets</b>				
Operating	5,021,936	-	-	5,021,936
Restricted				
Board designated	-	4,081,278	-	4,081,278
CFGB (Note 4)	-	-	7,233,587	7,233,587
	5,021,936	4,081,278	7,233,587	16,336,801
	\$ 12,060,316	\$ 4,081,278	\$ 7,233,587	\$ 23,375,181

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

## World Renew Statement of Activities

For the year ended June 30, 2023

	Operating	Board Designated	CFGB	Total
<b>Revenue</b>				
Contributions				
Development programs	\$ 3,361,728	\$ -	\$ -	\$ 3,361,728
Disaster programs	4,207,510	-	1,581,193	5,788,703
Unspecified	3,694,156	1,400,229	-	5,094,385
	<u>11,263,394</u>	<u>1,400,229</u>	<u>1,581,193</u>	<u>14,244,816</u>
Other revenue				
Government sourced contributions (Note 4)	-	-	7,512,488	7,512,488
Grants from others	1,582,129	-	-	1,582,129
Investment income (expense)	491,695	-	-	491,695
	<u>13,337,218</u>	<u>1,400,229</u>	<u>9,093,681</u>	<u>23,831,128</u>
<b>Expenses</b>				
Program services				
Overseas development (Schedule)	3,954,469	-	-	3,954,469
Disaster programs (Schedule)	2,071,810	-	-	2,071,810
Domestic development	362,505	-	-	362,505
Education and justice	1,085,282	-	-	1,085,282
CFGB (Note 4)	-	-	14,038,668	14,038,668
	<u>7,474,066</u>	<u>-</u>	<u>14,038,668</u>	<u>21,512,734</u>
Support services				
Resource development	1,658,630	-	-	1,658,630
Management and general	1,253,978	-	-	1,253,978
	<u>2,912,608</u>	<u>-</u>	<u>-</u>	<u>2,912,608</u>
	<u>10,386,674</u>	<u>-</u>	<u>14,038,668</u>	<u>24,425,342</u>
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 2,950,544</b>	<b>\$ 1,400,229</b>	<b>\$ (4,944,987)</b>	<b>\$ (594,214)</b>

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

## World Renew Statement of Activities

For the year ended June 30, 2022

	Operating	Board Designated	CFGB	Total
<b>Revenue</b>				
Contributions				
Development programs	\$ 3,476,027	\$ -	\$ -	\$ 3,476,027
Disaster programs	6,792,301	-	1,361,097	8,153,398
Unspecified	4,799,603	1,539,635	-	6,339,238
	15,067,931	1,539,635	1,361,097	17,968,663
Other revenue				
Government sourced contributions (Note 4)	-	-	9,300,064	9,300,064
Grants from others	2,307,768	-	-	2,307,768
Investment income and other	(73,852)	-	-	(73,852)
	17,301,847	1,539,635	10,661,161	29,502,643
<b>Expenses</b>				
Program services				
Overseas development (Schedule)	3,134,905	-	-	3,134,905
Disaster programs (Schedule)	3,064,506	-	-	3,064,506
Domestic development	320,758	-	-	320,758
Education and justice	719,342	-	-	719,342
CFGB (Note 4)	-	-	13,341,914	13,341,914
Total program services	7,239,511	-	13,341,914	20,581,425
Support services				
Resource development	1,470,254	-	-	1,470,254
Management and general	2,269,654	-	-	2,269,654
Total support services	3,739,908	-	-	3,739,908
	10,979,419	-	13,341,914	24,321,333
<b>Excess of revenue over expenses</b>	<b>\$ 6,322,428</b>	<b>\$ 1,539,635</b>	<b>\$ (2,680,753)</b>	<b>\$ 5,181,310</b>

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



## World Renew Schedule of Functional Expenses

For the year ended June 30, 2023

	Program Services					Support Services				Total
	Overseas Development	Disaster Programs	Domestic Development	Education and Justice	CFGB	Subtotal	Resource Development	Management and General	Subtotal	
<b>Expenses</b>										
Salaries	\$ 849,048	\$ 688,664	\$ 266,033	\$ 205,664	\$ -	\$ 2,009,409	\$ 1,072,799	\$ 323,739	\$ 1,396,538	\$ 3,405,947
Employee benefits	260,693	149,734	64,689	50,657	-	525,773	251,013	78,938	329,951	855,724
Total salaries and benefits	1,109,741	838,398	330,722	256,321	-	2,535,182	1,323,812	402,677	1,726,489	4,261,671
Home office costs										
Operations (recoveries)	160,305	109,137	7,565	108,713	-	385,720	519,952	417,835	937,787	1,323,507
Printed materials	41	-	38	11,813	-	11,892	36,766	1,758	38,524	50,416
Travel	10,755	112,641	3,140	87,787	-	214,323	94,981	59,783	154,764	369,087
Promotional events and mailings	7,890	10,770	511	10,859	-	30,030	136,462	12,460	148,922	178,952
Allocation	51,322	82,115	20,529	609,789	-	763,755	(453,343)	359,465	(93,878)	669,877
Total home office costs	230,313	314,663	31,783	828,961	-	1,405,720	334,818	851,301	1,186,119	2,591,839
Field Costs										
Travel	330,831	-	-	-	-	330,831	-	-	-	330,831
Vehicle	-	-	-	-	-	-	-	-	-	-
Housing	85,639	-	-	-	-	85,639	-	-	-	85,639
Field office costs	295,630	-	-	-	-	295,630	-	-	-	295,630
Training/education	85,248	-	-	-	-	85,248	-	-	-	85,248
Field staff costs	932,196	-	-	-	-	932,196	-	-	-	932,196
Objective costs										
Agriculture	173,340	-	-	-	-	173,340	-	-	-	173,340
Income generation	49,463	-	-	-	-	49,463	-	-	-	49,463
Health	99,921	-	-	-	-	99,921	-	-	-	99,921
HIV/AIDS awareness and prevention	1,032	-	-	-	-	1,032	-	-	-	1,032
Community development	(44,337)	-	-	-	-	(44,337)	-	-	-	(44,337)
Disasters	-	918,749	-	-	14,038,668	14,957,417	-	-	-	14,957,417
Capacity Building	158,063	-	-	-	-	158,063	-	-	-	158,063
Constituency Mobilization	399,588	-	-	-	-	399,588	-	-	-	399,588
Peace and Justice	44,459	-	-	-	-	44,459	-	-	-	44,459
Research and Development	823	-	-	-	-	823	-	-	-	823
Other	2,519	-	-	-	-	2,519	-	-	-	2,519
Total field costs	2,614,415	918,749	-	-	14,038,668	17,571,832	-	-	-	17,571,832
<b>Total expenses</b>	<b>\$ 3,954,469</b>	<b>\$ 2,071,810</b>	<b>\$ 362,505</b>	<b>\$ 1,085,282</b>	<b>\$ 14,038,668</b>	<b>\$ 21,512,734</b>	<b>\$ 1,658,630</b>	<b>\$ 1,253,978</b>	<b>\$ 2,912,608</b>	<b>\$ 24,425,342</b>

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

## World Renew Schedule of Functional Expenses

For the year ended June 30, 2022

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

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

## World Renew Statement of Changes in Net Assets

**For the year ended June 30**

	Operating	Board Designated	CFGB	Total
<b>Balance as at June 30, 2021</b>	\$ 1,809,987	\$ 3,436,050	\$ 5,909,454	\$ 11,155,491
Excess of revenue over expenses	6,322,428	1,539,635	(2,680,753)	5,181,310
Transfers- Joseph Fund	839,628	(839,628)	-	-
- Village Savings and Loan Fund	54,779	(54,779)	-	-
- CFGB	(4,004,886)	-	4,004,886	-
<b>Balance as at June 30, 2022</b>	<b>5,021,936</b>	<b>4,081,278</b>	<b>7,233,587</b>	<b>16,336,801</b>
Excess (deficiency) of revenue over expenses	2,950,544	1,400,229	(4,944,987)	(594,214)
Transfers- Joseph Fund	995,076	(995,076)	-	-
- Village Savings and Loan Fund	55,364	(55,364)	-	-
- CFGB	(5,000,000)	-	5,000,000	-
<b>Balance as at June 30, 2023</b>	<b>\$ 4,022,920</b>	<b>\$ 4,431,067</b>	<b>\$ 7,288,600</b>	<b>\$ 15,742,587</b>

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

## World Renew Statement of Cash Flows

For the year ended June 30	2023	2022
<b>Cash flows from operating activities</b>		
Excess (deficiency) of revenue over expenses for the year	\$ (594,214)	\$5,181,310
Adjustments to reconcile excess of revenue over expenses to net cash provided by (used in) operating activities		
Amortization of capital assets	444	1,948
Unrealized foreign exchange (gain) loss on due from related party	(28,950)	590,694
Changes in non-cash working capital balances		
Accounts receivable	21,406	27,616
Prepaid expenses	(13,844)	33,019
Field advances	208,652	(205,481)
Due from related parties	(3,078,880)	2,083,037
Accounts payable and accrued liabilities	278,575	(15,369)
Due to related party	(386,099)	663,468
Deferred contributions	(1,097,864)	1,571,128
	(4,690,774)	9,931,370
<b>Cash flows from investing activity</b>		
Increase in investment in CFGB	(55,013)	(1,324,133)
<b>Net increase (decrease) in cash</b>	(4,745,787)	8,607,237
<b>Cash, beginning of year</b>	13,740,681	5,133,444
<b>Cash, end of year</b>	\$ 8,994,894	\$ 13,740,681

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

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# World Renew

## Notes to Financial Statements

June 30, 2023

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### 1. Significant Accounting Policies

#### Nature of Organization

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

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

#### Basis of Accounting

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

#### Fund Accounting

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

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

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

Non-designated estate gifts received in any given year are placed in the Joseph Fund. These funds, coupled with specifically designated Joseph Fund gifts, represent the Joseph Fund. The Joseph Fund releases funds into general operations over a period of seven years, 10% in year one and 15% in each of the remaining six years. During the year, gifts of \$1,391,444 (2022 - \$1,533,495) were made to the Joseph Fund and recognized as contribution revenue. During the year, \$995,076 (2022 - \$839,628) was transferred to the Operating Fund via an interfund transfer.

The Village Savings and Loan Fund consists of specifically designated gifts. Funds are released into general operations when certain program criteria are met over a period of fifteen years, at the rate of approximately 6.67%. During the year, gifts of \$8,785 (2022 - \$6,140) were made to the Village Savings and Loan Fund and recognized as contribution revenue. During the year, \$55,364 (2022 - \$54,779) was transferred to the Operating Fund via an interfund transfer.

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

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# World Renew Notes to Financial Statements

**June 30, 2023**

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## 1. Significant Accounting Policies (Continued)

### Revenue Recognition

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

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

### Capital Assets

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

Computer equipment	-	3 years
Office equipment	-	10 years

### Program Service Expenses

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

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

Domestic program expenses are recorded as the costs are incurred.

### Allocation of Support Services

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

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

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

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# World Renew

## Notes to Financial Statements

June 30, 2023

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### 1. Significant Accounting Policies (Continued)

#### Foreign Currency Translation

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

As at June 30, 2023, there was \$755,629 (2022 - \$1,275,158) denominated in US dollars included in cash and \$2,168,044 denominated in US dollars due from World Renew USA (2022 - \$299,627 due to World Renew USA)

#### Pension Plan

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

#### Use of Estimates

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

#### Financial Instruments

Financial instruments are recorded at fair value at initial recognition. All investments have been designated to be in the fair value category, with investment income reported in operations. All other financial instruments are subsequently reported at cost or amortized cost less impairment, if applicable. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

#### Income Taxes

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

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## World Renew Notes to Financial Statements

**June 30, 2023**

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### 2. Field Advances

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

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### 3. Related Party Balances and Transactions

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

	<u>2023</u>	<u>2022</u>
<b>Due from related parties</b>		
Due from The Christian Reformed Church in North America - Canada Corporation	\$ 1,964,338	\$ 1,722,631
Due from (to) World Renew USA	<u>2,866,123</u>	<u>(386,099)</u>
	<u>\$ 4,830,461</u>	<u>\$ 1,336,532</u>

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

World Renew is affiliated with World Renew USA and certain field projects are jointly funded. Payables to or receivables from World Renew USA result depending upon the original funding sources and availability of funds for the joint field projects. During the year, in connection with the joint field projects, \$6,479,567 (2022 - \$4,391,839) of expenses were allocated to World Renew from World Renew USA, and \$1,907,384 (2022 - \$3,863,679) of expenses were allocated from World Renew to World Renew USA.

World Renew also paid \$669,880 (2022 - \$801,929) to the Christian Reformed Church in North America - Canada Corporation for management and support services.

These transactions were made in the normal course of business and have been recorded in appropriate expense accounts at the exchange amounts.



## World Renew Notes to Financial Statements

**June 30, 2023**

#### 4. Canadian Foodgrains Bank Association Inc.

World Renew is one of fifteen partners in the Canadian Foodgrains Bank Association Inc. ("CFGB"). CFGB, with support from its partners and Global Affairs Canada, provides support to developing countries.

Countries with CFGB programming consists of Bangladesh, Colombia, Ethiopia, Haiti, India, Kenya, Lebanon, Madagascar, Nigeria, South Sudan, Syria, Tanzania, Uganda and Zambia (2022 - Bangladesh, Colombia, Ethiopia, Haiti, Kenya, Lebanon, Madagascar, Malawi, Mozambique, Nicaragua, Nigeria, South Sudan, Syria, Uganda and Zambia). In the current year, CFGB expenses totaled \$14,038,668 (2022 - 13,341,914).

The investment in CFGB represents residual funds held by CFGB for World Renew.

As part of the operating agreement, should World Renew ever cease to be a member, the balance with CFGB would remain with CFGB and would be directed towards an approved program and/or a standing partner of CFGB.

#### 5. Capital Assets

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ -	\$ -	\$ 1,385	\$ 1,385
Office equipment	43,548	43,548	43,548	43,104
	<b>\$ 43,548</b>	<b>\$ 43,548</b>	<b>\$ 44,933</b>	<b>\$ 44,489</b>
Net book value		<b>\$ -</b>		<b>\$ 444</b>

#### 6. Deferred Contributions

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

	2023	2022
Balance, beginning of year	\$ 5,560,303	\$ 3,989,175
Amounts recognized as revenue in the year	(5,698,779)	(4,773,818)
Amounts received related to ongoing projects	4,600,915	6,344,946
Balance, end of year	<b>\$ 4,462,439</b>	<b>\$ 5,560,303</b>

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## World Renew Notes to Financial Statements

**June 30, 2023**

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### **7. Credit Facility**

The Board has authorized the use of agency funds, on deposit with its banker and incorporated in the cash management system, as collateral for borrowing of the Christian Reformed Church in North America. No amount has been drawn upon this credit facility as at June 30, 2023 (2022 - \$Nil).

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### **8. Pension Plans**

Unordained employees of the Christian Reformed Church are covered by a group registered retirement savings plan, under which World Renew contributes a specified percentage of its employees' base salary. During the year ended June 30, 2023, the contributions to the plan were \$295,947 (2022 - \$247,887).

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### **9. Financial Instrument Risks**

#### **Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. World Renew is exposed to credit risk resulting from the possibility that a counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. World Renew's financial instruments that are exposed to concentrations of credit risk related primarily to its accounts receivable and due from related parties. World Renew is also exposed to credit risk arising from all of its bank accounts being held at one financial institution with deposits exceeding Canadian Deposit Insurance Corporation coverage limits.

#### **Liquidity Risk**

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

#### **Currency Risk**

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

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### **10. Comparative Figures**

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

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## World Renew

### Schedule of Overseas Development Programs Expenses

For the year ended June 30	2023	2022
Asia Ministry Team	\$ 11,177	\$ -
Bangladesh	981	-
Cambodia	4,305	-
Development Team	537,000	529,426
East Africa Ministry Team	2,865	-
Haiti	93,230	549
Honduras	167,063	337,501
Kenya	869,520	678,071
Latin America Ministry Team	37,073	-
Laos	155,277	108,412
Malawi	337,918	225,136
Mali	30,364	62,076
Mozambique	290,550	263,861
Nicaragua	196	34,304
Niger	8,514	19,516
Nigeria	5,606	2,795
Senegal	8,572	18,561
Sierra Leone	39,750	-
Southern Africa Ministry Team	144,275	-
Tanzania	657,355	420,890
Uganda	4,776	-
West Africa Ministry Team	316	-
Zambia	547,786	433,807
	<b>\$ 3,954,469</b>	<b>\$ 3,134,905</b>

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

<b>For the year ended June 30</b>	<b>2023</b>	<b>2022</b>
Bangladesh	\$ 84,827	\$ -
General North America	782,638	1,235,915
General Overseas	43,636	(38,532)
Haiti	-	486,914
Indonesia	-	147,160
Central America Hurricane Relief	-	58,800
Kenya	851,374	-
Madagascar	-	932,229
Nepal Earthquake Response	-	2,819
Philippines	215,747	158,523
Syria and Lebanon	93,589	80,678
	<b>\$ 2,071,811</b>	<b>\$ 3,064,506</b>

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