

**WORLD RELIEF CORPORATION OF
NATIONAL ASSOCIATION OF EVANGELICALS**

***FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS***

**SEPTEMBER 30, 2021 WITH SUMMARIZED COMPARATIVE
INFORMATION FOR 2020**

WORLD RELIEF CORPORATION OF NATIONAL ASSOCIATION OF EVANGELICALS

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

**Board of Directors
World Relief Corporation of
National Association of Evangelicals
Baltimore, Maryland**

We have audited the accompanying financial statements of World Relief Corporation of National Association of Evangelicals (“World Relief”) which comprise the statement of financial position as of September 30, 2021, and the related statements of activities and changes in net assets, functional expenses and of cash flows for the year then ended and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of World Relief as of September 30, 2021, and the changes in its net assets, and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited World Relief’s 2020 financial statements and our report dated February 5, 2021 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Tait, Weller & Baker LLP

**Philadelphia, Pennsylvania
February 9, 2022**

**WORLD RELIEF CORPORATION OF
NATIONAL ASSOCIATION OF EVANGELICALS**

STATEMENTS OF FINANCIAL POSITION

September 30, 2021 And 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$20,823,096	\$12,384,572
Investments, at market <i>(Note 2)</i>	646,150	678,912
Receivables:		
Grants	7,348,450	7,415,356
Contributions	108,993	10,000
Other	35,298	384,990
Prepaid expenses and other assets	1,138,769	1,766,733
Minority interest in net assets <i>(Note 5)</i>	1,722,492	1,534,925
Plant and equipment – net of accumulated depreciation <i>(Note 6)</i>	<u>5,381,771</u>	<u>4,626,587</u>
Total assets	<u>\$37,205,019</u>	<u>\$28,802,075</u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued liabilities	\$ 6,460,822	\$ 5,028,556
Deferred revenue	5,391,842	4,996,644
Refundable advance <i>(Note 7)</i>	-	1,068,346
Debt <i>(Note 8)</i>	<u>1,004,161</u>	<u>1,082,187</u>
Total liabilities	<u>12,856,825</u>	<u>12,175,733</u>
Net Assets		
Without donor restrictions <i>(Note 9)</i>		
Common stock, \$100 par value; 500 shares authorized; 10 shares issued and outstanding	1,000	1,000
Net assets	<u>17,734,238</u>	<u>13,461,149</u>
Total net assets without donor restrictions	17,735,238	13,462,149
Net assets with donor restrictions <i>(Note 9)</i>	<u>6,612,956</u>	<u>3,164,193</u>
Total net assets	<u>24,348,194</u>	<u>16,626,342</u>
	<u>\$37,205,019</u>	<u>\$28,802,075</u>

WORLD RELIEF CORPORATION OF NATIONAL ASSOCIATION OF EVANGELICALS

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended September 30, 2021 With Summarized Information For 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Total</u>	<u>2020 Total</u>
Support and Revenue				
Private contributions	\$ 13,184,374	\$ 13,654,013	\$ 26,838,387	\$ 18,657,955
Government and other public grants	56,201,200	-	56,201,200	45,315,451
MED banking revenue	9,204	-	9,204	1,121,539
Other revenue	5,257,630	-	5,257,630	6,012,007
Net assets released from restrictions <i>(Note 9)</i>	<u>10,205,250</u>	<u>(10,205,250)</u>	<u>-</u>	<u>-</u>
Total support and revenue <i>(Note 13)</i>	<u>84,857,658</u>	<u>3,448,763</u>	<u>88,306,421</u>	<u>71,106,952</u>
Expenses				
Program ministries				
USA programs	30,502,742	-	30,502,742	28,009,451
Overseas programs	28,908,723	-	28,908,723	21,091,177
Disaster response	<u>10,535,378</u>	<u>-</u>	<u>10,535,378</u>	<u>9,289,445</u>
Total program ministries	<u>69,946,843</u>	<u>-</u>	<u>69,946,843</u>	<u>58,390,073</u>
Support Ministries				
General and administrative	6,893,940	-	6,893,940	6,407,027
Fundraising	<u>4,242,067</u>	<u>-</u>	<u>4,242,067</u>	<u>4,009,391</u>
Total support ministries	<u>11,136,007</u>	<u>-</u>	<u>11,136,007</u>	<u>10,416,418</u>
Total expenses	<u>81,082,850</u>	<u>-</u>	<u>81,082,850</u>	<u>68,806,491</u>
Excess of revenue over expenses	3,774,808	3,448,763	7,223,571	2,300,461
Other Changes				
Gain on minority interest in net assets	187,567	-	187,567	47,104
Gain on sale of fixed assets	32,291	-	32,291	15,000
Gain on foreign currency translation	278,423	-	278,423	11,806
Distribution of non-controlling interest <i>(Note 1)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(651,322)</u>
Change in net assets	4,273,089	3,448,763	7,721,852	1,723,049
Net Assets				
Beginning of year	<u>13,462,149</u>	<u>3,164,193</u>	<u>16,626,342</u>	<u>14,903,293</u>
End of year	<u>\$ 17,735,238</u>	<u>\$ 6,612,956</u>	<u>\$ 24,348,194</u>	<u>\$ 16,626,342</u>

**WORLD RELIEF CORPORATION OF
NATIONAL ASSOCIATION OF EVANGELICALS**

STATEMENT OF CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS

Years Ended September 30, 2021 And 2020

	<u>Without Donor Restrictions - World Relief</u>	<u>Non-Controlling Interest In Microfinance Entities</u>	<u>Total</u>
Net assets without restrictions, September 30, 2019	\$ 10,844,825	\$ 686,767	\$ 11,531,592
Distribution of non-controlling interest	-	(651,322)	(651,322)
Change in net assets without restrictions	<u>2,617,324</u>	<u>(35,445)</u>	<u>2,581,879</u>
Net assets without restrictions, September 30, 2020	13,462,149	-	13,462,149
Change in net assets without restrictions	<u>4,273,089</u>	<u>-</u>	<u>4,273,089</u>
Net assets without restrictions, September 30, 2021	<u>\$ 17,735,238</u>	<u>\$ -</u>	<u>\$ 17,735,238</u>

**WORLD RELIEF CORPORATION OF
NATIONAL ASSOCIATION OF EVANGELICALS**

STATEMENTS OF CASH FLOWS

Years Ended September 30, 2021 And 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Changes in net assets</i>	\$ 7,721,852	\$ 1,723,049
<i>Adjustments to reconcile changes in net assets to net cash from operating activities</i>		
Depreciation and amortization	823,766	726,957
Gain on disposal of fixed assets	(32,291)	(15,000)
Bad debt expense	392,354	107,687
Gain on foreign exchange rates	(278,423)	(11,806)
Distribution of non-controlling interest	-	651,322
Equity loss (gain) on investment in microfinance institution	(187,567)	(47,103)
(Increase) decrease in		
Receivables	235,833	(3,005,710)
Prepaid expenses and other assets	627,964	(922,144)
Increase (decrease) in		
Accounts payable and accrued liabilities	1,432,266	1,149,422
Deferred revenue and refundable advance	<u>(673,148)</u>	<u>4,919,443</u>
Net cash provided by operating activities	<u>10,062,606</u>	<u>5,276,117</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from short term investments, net	32,762	(169,087)
Proceeds from sale of fixed assets	32,291	15,000
Purchases of fixed assets	(1,611,109)	(1,365,764)
Change in cash from distribution of non-controlling interest	-	(656,955)
Net change in microenterprise and agricultural activities:		
Loans	-	741,795
Other liabilities	<u>-</u>	<u>(54,789)</u>
Net cash used in investing activities	<u>(1,546,056)</u>	<u>(1,489,800)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of debt	<u>(78,026)</u>	<u>(663,506)</u>
Net cash provided by (used in) financing activities	<u>(78,026)</u>	<u>(663,506)</u>
Net increase (decrease) in cash and cash equivalents	8,438,524	3,122,811
CASH, CASH EQUIVALENTS		
Cash and cash equivalents at the beginning of the year	<u>12,384,572</u>	<u>9,261,761</u>
Cash and cash equivalents at the end of the year	<u>\$ 20,823,096</u>	<u>\$ 12,384,572</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ 32,830</u>	<u>\$ 79,213</u>

**WORLD RELIEF CORPORATION OF
NATIONAL ASSOCIATION OF EVANGELICALS**

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended September 30, 2021 With Summarized Information For 2020

	Program Ministries					Supporting Ministries				Total Expenses	
	USA Programs	Overseas Programs	Disaster Response	2021 Total	2020 Comparative Total	General And Administrative	Fundraising	2021 Total	2020 Comparative Total	2021 Total	2020 Comparative Total
Salaries and Benefits	\$17,824,493	\$ 10,294,593	\$ 2,793,758	\$30,912,844	\$27,308,130	\$4,094,373	\$3,228,634	\$ 7,323,007	\$ 6,781,388	\$38,235,851	\$34,089,518
Other Personnel Expenses	259,907	1,504,125	363,247	2,127,279	2,516,540	208,141	46,174	254,315	537,751	2,381,594	3,054,291
Communications and Printing	348,331	401,749	30,324	780,404	772,119	95,766	199,474	295,240	309,223	1,075,644	1,081,342
Office Expenses	572,170	809,468	156,680	1,538,318	1,307,562	177,982	208,563	386,545	326,838	1,924,863	1,634,400
Equipment Costs	404,268	1,081,495	1,131,965	2,617,728	1,996,814	61,380	28,125	89,505	67,109	2,707,233	2,063,923
Consulting and Professional Fees	1,244,525	404,077	474,555	2,123,157	1,828,557	623,525	361,134	984,659	814,918	3,107,816	2,643,475
Property and Liability Insurance	124,086	35,514	6,841	166,441	152,982	320,908	-	320,908	296,856	487,349	449,838
Depreciation and Amortization	-	347,480	15,114	362,594	275,146	461,172	-	461,172	451,811	823,766	726,957
Occupancy Costs	1,204,623	721,296	294,394	2,220,313	2,411,159	191,211	34,972	226,183	245,362	2,446,496	2,656,521
Microfinance related	-	279,122	-	279,122	15,782	-	-	-	-	279,122	15,782
Initial Refugee Grants	1,354,993	-	-	1,354,993	1,735,452	-	-	-	-	1,354,993	1,735,452
Grants & Specific Assistance	6,982,760	3,576,204	891,765	11,450,729	8,243,565	36,911	-	36,911	-	11,487,640	8,243,565
Other Program Expenses	67,408	9,239,397	4,337,823	13,644,628	9,137,641	-	-	-	8,176	13,644,628	9,145,817
Other Expenses	115,178	214,203	38,912	368,293	688,624	622,571	134,991	757,562	576,986	1,125,855	1,265,610
Total Expenses	\$30,502,742	\$28,908,723	\$10,535,378	\$69,946,843	\$58,390,073	\$6,893,940	\$4,242,067	\$11,136,007	\$10,416,418	\$81,082,850	\$68,806,491

WORLD RELIEF CORPORATION OF NATIONAL ASSOCIATION OF EVANGELICALS

NOTES TO FINANCIAL STATEMENTS

September 30, 2021 And 2020

(1) SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND PURPOSE

World Relief Corporation of National Association of Evangelicals (***“World Relief”***) is a not-for-profit, global Christian humanitarian organization that brings sustainable solutions to the world’s greatest problems – disasters, extreme poverty, violence, oppression, and mass displacement. For over 75 years, we’ve partnered with churches and community leaders in the U.S. and abroad to bring hope, healing and transformation to the most vulnerable.

World Relief is a wholly owned subsidiary of The National Association of Evangelicals, a not-for-profit religious organization.

DECONSOLIDATION

Pursuant to a meeting of the shareholders of IMF Hekima, a microenterprise entity in the Democratic Republic of the Congo, it was resolved to issue additional capital and sell shares amongst existing shareholders with an effective date of September 30, 2020. As a result of this resolution, World Relief’s ownership interest in IMF Hekima was reduced from 59.28% to 49.95%. As such, World Relief deconsolidated IMF Hekima as of September 30, 2020.

World Relief has elected to account for its non-controlling investment in IMF Hekima at fair value (***Note 6***) using the equity method of accounting beginning on September 30, 2020. World Relief uses the equity method of accounting when it has the ability to exercise significant influence, but not control, over the operating and financial policies of the investee.

ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

CONCENTRATION OF CREDIT AND OTHER RISKS

World Relief operates in foreign countries, many of which do not have stable governments or economies. To the extent negative events occur in these countries, World Relief may not be able to recover its assets or remove its cash from these countries. Net assets of World Relief’s overseas ministry programs were approximately \$4.4 million and \$5.3 million as of the year ended September 30, 2021, and 2020, respectively.

World Relief occasionally maintains deposits in excess of federally insured limits. The risk is managed by monitoring the financial institutions in which deposits are made. World Relief had approximately \$5.4 million and \$4.8 million of cash and cash equivalents held in foreign banking institutions as of September 30, 2021 and 2020. The funds held in foreign countries are uninsured.

WORLD RELIEF CORPORATION OF NATIONAL ASSOCIATION OF EVANGELICALS

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2021 And 2020

FOREIGN CURRENCY TRANSLATION

World Relief has foreign branch offices in many countries. Assets and liabilities for these foreign branch offices and the majority-owned microenterprise entities are translated at the rates of exchange at the balance sheet date while income statement accounts are translated at the average exchange rates in effect during the period. The effect of such translation adjustments was an increase to net assets of approximately \$278,000 and \$12,000 for the years ended September 30, 2021, and 2020, respectively.

INCOME TAXES

World Relief is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the “Code”) and has been classified as a public charity under Section 509(a)(1) of the Code.

Management has reviewed the tax positions for each of the open tax years (years ended September 30, 2018 - 2020) or expected to be taken in World Relief’s September 30, 2021 tax return and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

CONTRIBUTIONS TO INDEPENDENT ENTITIES

It is World Relief’s practice that its overseas ministry programs may eventually become independent entities or be transferred to like-minded organizations. When the decision to transfer such assets is approved, World Relief records a liability for the net assets to be transferred and a corresponding charge to operations for the contribution.

CASH AND CASH EQUIVALENTS

World Relief considers cash and cash equivalents to include currency on hand, demand deposits with banks and short-term investments with maturities of less than three months when purchased.

INVESTMENTS

World Relief records investments in securities at fair market value with the resulting gains and losses reported in the statement of activity. The fair market value of investments traded on a securities exchange is determined based on quoted market prices for those investments.

PROPERTY AND EQUIPMENT

Property and equipment are capitalized at cost and depreciated over their estimated useful lives on the straight-line basis (buildings – 29 years, computer, office and other equipment – 3-8 years and vehicles – 5 years).

World Relief requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount at which the carrying value of the assets exceeds the estimated fair value. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less the costs to sell.

World Relief receives various federal, state, city and private grants and contracts relating to refugee immigration, relief and disaster response. Property and equipment purchased through grants/contracts is capitalized in the period purchased. The property and equipment is retained by World Relief or returned to the grantor based upon the grant/contract.

WORLD RELIEF CORPORATION OF NATIONAL ASSOCIATION OF EVANGELICALS

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2021 And 2020

NET ASSETS

Net assets, revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of World Relief and changes therein are classified and reported as follows:

Without Donor Restrictions– Net assets that are not subject to donor-imposed restrictions. Items that affect this category principally consist of income from cost reimbursement contracts; gifts without restrictions; and expenses associated with the core activities of World Relief.

With Donor Restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of World Relief or the passage of time. Expirations of restrictions on net assets with donor restrictions are reported as net assets released from restrictions.

CONTRIBUTIONS

World Relief recognizes contributions when cash, securities or other assets, and unconditional promise to give are received. Conditional contributions include donor-imposed conditions with one or more barriers that must be overcome before World Relief is entitled to the assets transferred or promised and there is a right of return to the contributor for assets transferred or a right of release of the promisor from its obligation to transfer assets. World Relief recognizes the contribution when the conditions are substantially met or explicitly waived. Unconditional contributions are classified as without donor restrictions unless there are donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of the restriction is accomplished, net assets with donor restrictions are then classified to net assets without donor restrictions and reported in the statement of activities as “***net assets released from restrictions.***”

GOVERNMENT AND PRIVATE GRANTS

World Relief receives funding under various federal and state awards for direct and indirect program costs. Revenues from such awards are considered to be conditional contributions and are generally recognized as qualifying expenses are incurred. World Relief adopted the simultaneous release option for donor-restricted conditional grants that are recognized and used within the same reporting period, therefore, these amounts are reported as without donor restrictions. Balances outstanding on grants for which the conditions have been met are included in grants receivable and are expected to be collected within one year. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue on the statement of financial position.

FEES FOR SERVICE

Revenue is recognized when control of the services provided is transferred to the customer in an amount that reflects the consideration that World Relief expects to be entitled to in exchange for those services. Revenue from contracts with customers is primarily comprised of servicing fees charged on the collection of transportation loans issued by the International Office for Migration (“IOM”) and for legal services provided to refugees. Fees for Service revenue is included in Other Income on the Statement of Activities.

WORLD RELIEF CORPORATION OF NATIONAL ASSOCIATION OF EVANGELICALS

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2021 And 2020

GIFTS IN-KIND AND VOLUNTARY SERVICES

GIFTS IN-KIND

World Relief receives in-kind goods for resettled refugees and for emergency interventions and other overseas programs. These resources are provided by refugee sponsors, churches, individuals and organizations. The value of in-kind contributions made to World Relief was \$3,105,868 in 2021 and \$3,094,090 in 2020. In addition, refugee sponsors and others often provide goods and services directly to resettled refugees; however, the value of these goods and services is not included in the financial statements.

VOLUNTARY SERVICES

Worldwide, volunteers account for a majority of the World Relief workforce, greatly multiplying the number of people reached by the organizations' global ministries. In many cases volunteers serve on the front lines of World Relief's programs, partnering with staff to increase the impact of services given. Approximately 75,000 people volunteered with World Relief during 2021 and 2020. The value of these services provided by these unpaid workers is not reflected in the financial statements because they do not meet the criteria for recognition.

FUNCTIONAL ALLOCATION OF EXPENSES

World Relief's costs of program and support activities have been summarized on a functional basis in the statement of activities and changes in net assets. The costs of certain multipurpose activities have been allocated based on level of effort among program and support ministry categories.

PRIOR YEAR INFORMATION

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such comparative information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such comparative information should be read in conjunction with World Relief's audited financial statements for the year ended September 30, 2020, from which the summarized information was derived.

RECLASSIFICATIONS

Certain reclassifications were made to the 2020 financial statements to conform to the 2021 presentation.

ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

In 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the statement of financial position and disclosing key information about leasing arrangements. The ASU is effective for private entities for fiscal years beginning after December 15, 2021. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach. World Relief plans to adopt the new ASU at the required implementation date.

WORLD RELIEF CORPORATION OF NATIONAL ASSOCIATION OF EVANGELICALS

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2021 And 2020

In 2020, the FASB issued ASU 2020-07: Presentation and disclosure requirements by not-for-profit entities for contributed non-financial assets (Topic 958). Prior to this update, Topic 958 only specified requirements for the recognition and initial measurement of contributions and disclosure requirements pertaining to contributed services. Under the new guidance, not-for-profit organizations will be required to present gifts-in-kind as a separate component on their statement of activities and will require specific disclosures for certain quantitative and qualitative information about such non-financial assets. The amendments in this update are effective for periods beginning after June 15, 2021 and should be applied on a retrospective basis. World Relief plans to adopt the new ASU at the required implementation date.

(2) INVESTMENTS

At September 30, 2021 and 2020, investments consisted of the following:

	2021		2020	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Certificates of deposit	<u>\$ 646,150</u>	<u>\$ 646,150</u>	<u>\$ 678,912</u>	<u>\$ 678,912</u>

(3) FAIR VALUE OF FINANCIAL INSTRUMENTS

World Relief utilized various methods to measure the year-end value of its investments. Generally accepted accounting principles establish a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are described below:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that World Relief has the ability to access.
- Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.
- Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing World Relief's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The inputs methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

As of September 30, 2021 and 2020, World Relief's investments were valued using level 2 inputs.

WORLD RELIEF CORPORATION OF NATIONAL ASSOCIATION OF EVANGELICALS

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2021 And 2020

(4) RECEIVABLES - OTHER

Included in receivable – other on the statement of financial position is World Relief’s 43% interest in a trust that was formed from the bankruptcy of a former agricultural loan program partner. Assets of the trust are primarily made up of one property that is being marketed for sale. The appraised value of World Relief’s interest in the trust as of September 30, 2021 and 2020 is approximately \$620,000. However, due to uncertainties resulting from the economic crisis and socio-political outlook in the country in which this trust resides, management has placed a valuation allowance of approximately \$610,000 and \$213,000 on its interest as of September 30, 2021 and 2020, respectively.

(5) MINORITY INTEREST IN NET ASSETS

Minority interest in net assets represents World Relief’s investment in microfinance institutions. World Relief’s investment in Urwego Opportunity Bank (“**UOB**”), a for-profit bank extending services to the poor of Rwanda was 0.8% as of September 30, 2021 and 2020, and as such, is carried at cost. For the years ended September 30, 2021 and 2020, World Relief has a 44.3% investment interest in Turame Community Bank (“**Turame**”), a for profit microfinance institution extending services to the poor of Burundi. As of September 30, 2021 and 2020, World Relief has a 49.95% investment interest in IMF Hekima (“**Hekima**”), a for profit microfinance institution extending services to the poor in the Democratic Republic of Congo. Turame and Hekima are carried at fair market value using the equity method of accounting where World Relief records its share of net profit or loss each period. The carrying amount of these investments at September 30, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
UOB	\$ 49,030	\$ 49,030
IMF Hekima	980,405	844,236
Turame Community Bank	<u>693,057</u>	<u>641,659</u>
	<u>\$ 1,722,492</u>	<u>\$ 1,534,925</u>

Unrealized gains on these assets are reported in the statement of activities and changes in net assets as gain on minority interest in net assets.

(6) PLANT AND EQUIPMENT

The cost of property and equipment is as follows:

	<u>2021</u>	<u>2020</u>
Land	\$ 26,598	\$ 26,645
Buildings	1,640,069	1,646,485
Computers, office and other equipment	5,607,395	5,493,980
Vehicles	3,809,040	3,361,330
Work-in-progress	<u>1,091,942</u>	<u>209,211</u>
	12,175,044	10,737,651
Less: accumulated depreciation	<u>6,793,273</u>	<u>6,111,064</u>
Net value	<u>\$ 5,381,771</u>	<u>\$ 4,626,587</u>

WORLD RELIEF CORPORATION OF NATIONAL ASSOCIATION OF EVANGELICALS

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2021 And 2020

(7) REFUNDABLE ADVANCE

On April 16, 2020, World Relief received a \$4,233,380 loan under the Small Business Administration’s (“SBA”) Paycheck Protection Program (the “PPP Loan”). World Relief considered this to be a conditional contribution as it expected to meet the criteria for loan forgiveness upon incurring eligible expenditures. During the year ended September 30, 2020, World Relief incurred eligible expenditures in excess of the PPP loan, however, due to uncertainty in the ultimate acceptance of its loan forgiveness application, recognized approximately \$3,175,000 as revenue (75%). During the year ended September 30, 2021, World Relief’s application for forgiveness was accepted by the SBA, and as such, the remaining balance of the PPP Loan was recognized as revenue. The PPP Loan revenue is included in government and other public grants on the statement of activities and changes in net assets.

(8) DEBT

World Relief has a \$1,598,000 term loan with a bank bearing interest at the rate of 3.25% as of September 30, 2021. This loan requires monthly principal and interest payments with a balloon payment due in February 2026. The loan is secured by substantially all of the assets of World Relief.

The future maturities of this loan are as follows:

Year Ending September 30,

2022	\$ 92,848
2023	95,911
2024	99,075
2025	102,344
2026	<u>613,983</u>
	<u>\$1,004,161</u>

Interest expense, for the years ended September 30, 2021 and 2020 was approximately \$37,500 and \$79,000, respectively.

WORLD RELIEF CORPORATION OF NATIONAL ASSOCIATION OF EVANGELICALS

NOTES TO FINANCIAL STATEMENTS – (Continued)

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(9) NET ASSETS

Net assets without donor restrictions at September 30, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Microenterprise/agricultural development activities	\$ 1,722,492	\$ 1,497,937
General net assets without donor restrictions	<u>16,012,746</u>	<u>11,964,212</u>
	<u>\$ 17,735,238</u>	<u>\$ 13,462,149</u>

Net assets with donor restrictions are restricted to a specific purpose as designated by the donors. As of September 30, 2021, and 2020 such net assets are available for the following purposes:

	<u>2021</u>	<u>2020</u>
USA Programs	\$4,904,928	\$2,846,998
Overseas Programs	238,696	132,301
Disaster Response	504,130	96,727
General	<u>965,202</u>	<u>88,167</u>
	<u>\$6,612,956</u>	<u>\$3,164,193</u>

Net assets were released from donor restrictions by incurring expenses which satisfied the restricted purposes as follows:

Purposes restrictions accomplished:

USA Programs	\$ 6,159,294
Overseas Programs	2,482,040
Disaster Response	676,524
General Programs	<u>887,392</u>
	<u>\$10,205,250</u>

(10) PENSION PLAN

All salaried employees, excluding foreign nationals of the overseas offices who have separate local pension plans, of World Relief who have attained the age of 21 are eligible to participate in the World Relief 401(k) defined contribution plan on the first day of the month following the 90th day of employment. World Relief contributed \$655,293 and \$537,225 to the plan in 2021 and 2020, respectively.

WORLD RELIEF CORPORATION OF NATIONAL ASSOCIATION OF EVANGELICALS

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2021 And 2020

(11) COMMITMENTS

World Relief incurred approximately \$1,578,000 and \$1,767,000 of rent expense related to leases for facilities for the years ending September 30, 2021 and 2020, respectively.

Future minimum payments under leases in excess of one year as of September 30, 2021, are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2022	\$ 545,000
2023	718,000
2024	414,000
2025	467,000
2026	<u>248,000</u>
	<u>\$ 2,392,000</u>

(12) EXPENSES BY REGION

Program expenses by Region for the year ended September 30, 2021 are as follows:

	<u>Europe</u>	<u>Global Technical Units</u>	<u>USA</u>	<u>Latin America And Caribbean</u>	<u>East And West Africa</u>	<u>Middle East And North Africa</u>	<u>Southern Africa</u>	<u>South And Southeast Asia</u>	<u>2021 Total</u>
Agriculture	\$ -	\$ -	\$ 126,129	\$ -	\$ 7,600,577	\$ -	\$ 95,248	\$ -	\$ 7,821,954
Anti-Trafficking	-	-	341,833	-	-	-	-	-	341,833
Economy, Industry & Income	-	426,455	-	360,409	1,256,786	-	860,947	-	2,904,597
Education	-	81,236	145,015	187,311	298,037	-	376,638	-	1,088,237
Emergency Relief	-	123,572	1,625,864	337,522	1,238,238	-	119,946	52,689	3,497,831
Health	-	1,089,955	34,716	377,297	5,636,791	-	3,875,255	-	11,014,014
Integrated Projects	75,697	81,596	6,308	156,832	9,374,488	39,282	658,466	420,780	10,813,449
Local Partner Strengthening	-	39,617	1,388,898	-	734,635	-	268,801	38,117	2,470,068
Peace Building	-	-	-	-	1,815,889	-	-	-	1,815,889
Refugee Resettlement	-	-	23,539,401	-	11,849	-	-	-	23,551,250
Service to Immigrants	-	-	3,294,578	-	-	-	-	-	3,294,578
Water & Sanitation	-	-	-	-	1,186,154	-	146,989	-	1,333,143
2021 Totals	<u>\$75,697</u>	<u>\$ 1,842,431</u>	<u>\$ 30,502,742</u>	<u>\$ 1,419,371</u>	<u>\$ 29,153,444</u>	<u>\$ 39,282</u>	<u>\$ 6,402,290</u>	<u>\$ 511,586</u>	<u>\$ 69,946,843</u>
2020 Totals	<u>\$ 3,240</u>	<u>\$ 1,202,446</u>	<u>\$ 28,009,451</u>	<u>\$ 785,715</u>	<u>\$ 23,698,540</u>	<u>\$ 20,226</u>	<u>\$ 4,025,294</u>	<u>\$ 645,161</u>	<u>\$ 58,390,073</u>

**WORLD RELIEF CORPORATION OF
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NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2021 And 2020

(13) SUPPORT AND REVENUE BY TYPE

Support and revenue by type for the years ending September 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Private contributions – Without donor restrictions	\$ 13,184,374	\$ 8,677,861
Private restricted (International – except Emergency)	2,588,435	3,580,847
Private restricted (Emergency Relief)	1,083,927	389,281
Private restricted (U.S.)	8,217,224	5,451,560
Private restricted (General)	<u>1,764,427</u>	<u>558,406</u>
Subtotal Private Contributions	<u>26,838,387</u>	<u>18,657,955</u>
Government grants (Federal to U.S. – direct receipt)	12,528,520	13,715,211
Government grants (Federal to U.S. – sub award)	5,134,382	4,070,588
Government grants (Federal to International – direct receipt)	17,668,301	11,037,667
Government grants (Federal to International – sub award)	<u>-</u>	<u>47,452</u>
Subtotal Government Grants	<u>35,331,203</u>	<u>28,870,918</u>
U.S state and local government grants	5,177,788	3,881,308
Non-U.S. public grants	<u>15,692,209</u>	<u>12,563,225</u>
Subtotal Other Public Grants	<u>20,869,997</u>	<u>16,444,533</u>
Fees for services (U.S.)	1,671,147	2,062,078
Fees for services (International)	<u>9,204</u>	<u>1,121,539</u>
Subtotal Fees for Services	<u>1,680,351</u>	<u>3,183,617</u>
Gift in kind (International)	5,277	35,297
Gift in kind (U.S.)	3,107,909	3,127,613
Miscellaneous income	452,508	720,306
Investments and gains/losses	<u>20,789</u>	<u>66,713</u>
Subtotal Other Income	<u>3,586,483</u>	<u>3,949,929</u>
Total Support and Revenue	<u>\$88,306,421</u>	<u>\$71,106,952</u>

WORLD RELIEF CORPORATION OF NATIONAL ASSOCIATION OF EVANGELICALS

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2021 And 2020

(14) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

At September 30, 2021 and 2020, financial assets and liquidity resources available within one year for general expenditure such as operating expenses and grant expenses, were as follows:

Financial Assets	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 20,823,096	\$ 12,384,572
Investments – current	646,150	678,912
Receivables	<u>7,457,443</u>	<u>7,425,356</u>
Total financial assets available within one year	28,926,689	20,488,840
Less those unavailable for general expenditure within one year due to donor-imposed restrictions	<u>(6,612,956)</u>	<u>(3,164,193)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 22,313,733</u>	<u>\$ 17,324,647</u>

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

(15) CONTINGENCIES

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. This coronavirus has resulted in closing international borders, enhanced health screenings, healthcare service preparation and delivery, quarantines, cancellations, disruptions to the supply chains, as well as general public uncertainty. The future impact of COVID-19 is currently unknown, and it may exacerbate other risks that apply to World Relief including political, social and economic risks. The ultimate impact of COVID-19 on World Relief's operations is not reasonably estimable as of the date that the financial statements were available for issuance. World Relief will continue to monitor the effects of the COVID-19 pandemic and will adjust its operations as necessary.

In the ordinary course of operations, World Relief occasionally becomes involved in legal proceedings. While any legal proceeding or litigation has an element of uncertainty, management believes that the outcome of all current pending or threatened actions will not have a material adverse effect on the operations or financial condition of World Relief.

U.S. government grants and contracts are subject to audit by various governmental agencies. Management believes any potential disallowed costs would not be material to the financial statements.

(16) SUBSEQUENT EVENTS

Subsequent events after the statement of financial position date through the date that the financial statements were available for issuance, February 9, 2022, have been evaluated in the preparation of the financial statements.