

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

*FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS*

**SEPTEMBER 30, 2022 WITH SUMMARIZED COMPARATIVE
INFORMATION FOR 2021**

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**

Opinion

We have audited the accompanying financial statements of World Relief Corporation of National Association of Evangelicals (“World Relief”) (a nonprofit organization), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 World Relief and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 World Relief’s ability to continue as a going concern within one year after the date that the financial statements are 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 generally accepted auditing standards 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.

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

In performing an audit in accordance with generally accepted auditing standards, 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 World Relief'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 World Relief'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.

Report on Summarized Comparative Information

We have previously audited World Relief's 2021 financial statements and our report dated February 9, 2022 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, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Tait, Weller & Baker LLP

**Philadelphia, Pennsylvania
March 6, 2023**

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

STATEMENTS OF FINANCIAL POSITION

September 30, 2022 And 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$30,890,671	\$20,823,096
Investments, at market <i>(Note 2)</i>	618,100	646,150
Receivables:		
Grants	13,381,217	7,348,450
Contributions	-	108,993
Other	260,437	35,298
Prepaid expenses and other assets	2,247,787	1,138,769
Minority interest in net assets <i>(Note 4)</i>	1,936,535	1,722,492
Plant and equipment – net of accumulated depreciation <i>(Note 5)</i>	<u>5,387,539</u>	<u>5,381,771</u>
Total assets	<u>\$54,722,286</u>	<u>\$37,205,019</u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued liabilities	\$ 8,944,689	\$ 6,460,822
Deferred revenue	12,650,712	5,391,842
Debt <i>(Note 6)</i>	<u>911,784</u>	<u>1,004,161</u>
Total liabilities	<u>22,507,185</u>	<u>12,856,825</u>
Net Assets		
Without donor restrictions <i>(Note 7)</i>		
Common stock, \$100 par value; 500 shares authorized; 10 shares issued and outstanding	1,000	1,000
Net assets	<u>23,778,607</u>	<u>17,734,238</u>
Total net assets without donor restrictions	23,779,607	17,735,238
Net assets with donor restrictions <i>(Note 7)</i>	<u>8,435,494</u>	<u>6,612,956</u>
Total net assets	<u>32,215,101</u>	<u>24,348,194</u>
	<u>\$54,722,286</u>	<u>\$37,205,019</u>

WORLD RELIEF CORPORATION OF NATIONAL ASSOCIATION OF EVANGELICALS

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended September 30, 2022 With Summarized Information For 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022 Total</u>	<u>2021 Total</u>
Support and Revenue				
Private contributions of cash and other financial assets	\$ 15,552,622	\$ 23,485,512	\$ 39,038,134	\$26,838,387
Contributions of nonfinancial assets <i>(Note 8)</i>	2,186,257	-	2,186,257	3,113,186
Government and other public grants	84,643,895	-	84,643,895	56,201,200
Other revenue	2,114,818	-	2,114,818	2,153,648
Net assets released from restrictions <i>(Note 7)</i>	<u>21,662,974</u>	<u>(21,662,974)</u>	<u>-</u>	<u>-</u>
Total support and revenue <i>(Note 12)</i>	<u>126,160,566</u>	<u>1,822,538</u>	<u>127,983,104</u>	<u>88,306,421</u>
Expenses				
Program ministries				
USA programs	59,346,035	-	59,346,035	30,502,742
Overseas programs	29,077,348	-	29,077,348	28,908,723
Disaster response	<u>15,869,443</u>	<u>-</u>	<u>15,869,443</u>	<u>10,535,378</u>
Total program ministries	<u>104,292,826</u>	<u>-</u>	<u>104,292,826</u>	<u>69,946,843</u>
Support Ministries				
General and administrative	10,463,719	-	10,463,719	6,893,940
Fundraising	<u>5,355,445</u>	<u>-</u>	<u>5,355,445</u>	<u>4,242,067</u>
Total support ministries	<u>15,819,164</u>	<u>-</u>	<u>15,819,164</u>	<u>11,136,007</u>
Total expenses	<u>120,111,990</u>	<u>-</u>	<u>120,111,990</u>	<u>81,082,850</u>
Excess of revenue over expenses	6,048,576	1,822,538	7,871,114	7,223,571
Other Changes				
Gain on minority interest in net assets	221,644	-	221,644	187,567
Gain on sale of fixed assets and other activity	42,567	-	42,567	32,291
Gain (loss) on foreign currency translation	<u>(268,418)</u>	<u>-</u>	<u>(268,418)</u>	<u>278,423</u>
Change in net assets	6,044,369	1,822,538	7,866,907	7,721,852
Net Assets				
Beginning of year	<u>17,735,238</u>	<u>6,612,956</u>	<u>24,348,194</u>	<u>16,626,342</u>
End of year	<u>\$ 23,779,607</u>	<u>\$ 8,435,494</u>	<u>\$ 32,215,101</u>	<u>\$24,348,194</u>

The accompanying notes are an integral part of this statement.

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

STATEMENTS OF CASH FLOWS

Years Ended September 30, 2022 And 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Changes in net assets</i>	\$ 7,866,907	\$ 7,721,852
<i>Adjustments to reconcile changes in net assets to net cash from operating activities</i>		
Depreciation and amortization	875,625	823,766
Gain on disposal of fixed assets	(22,984)	(32,291)
Bad debt expense	10,113	392,354
Loss (gain) on foreign exchange rates	268,418	(278,423)
Distribution of non-controlling interest		-
Gain on equity investment in microfinance institutions	(214,043)	(187,567)
(Increase) decrease in		
Receivables	(6,332,213)	235,833
Prepaid expenses and other assets	(1,109,018)	627,964
Increase (decrease) in		
Accounts payable and accrued liabilities	2,483,867	1,432,266
Deferred revenue and refundable advance	<u>7,258,870</u>	<u>(673,148)</u>
Net cash provided by operating activities	<u>11,085,542</u>	<u>10,062,606</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from short term investments, net	28,050	32,762
Proceeds from sale of fixed assets	22,984	32,291
Purchases of fixed assets	<u>(976,624)</u>	<u>(1,611,109)</u>
Net cash used in investing activities	<u>(925,590)</u>	<u>(1,546,056)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of debt	<u>(92,377)</u>	<u>(78,026)</u>
Net cash used in financing activities	<u>(92,377)</u>	<u>(78,026)</u>
Net increase in cash and cash equivalents	10,067,575	8,438,524
CASH, CASH EQUIVALENTS		
Cash and cash equivalents at the beginning of the year	<u>20,823,096</u>	<u>12,384,572</u>
Cash and cash equivalents at the end of the year	<u>\$ 30,890,671</u>	<u>\$ 20,823,096</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ 31,697</u>	<u>\$ 32,830</u>

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

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended September 30, 2022 With Summarized Information For 2021

	Program Ministries					Supporting Ministries				Total Expenses	
	USA Programs	Overseas Programs	Disaster Response	2022 Total	2021 Comparative Total	General And Administrative	Fundraising	2022 Total	2021 Comparative Total	2022 Total	2021 Comparative Total
Salaries and Benefits	\$28,717,938	\$ 10,534,807	\$ 3,941,106	\$43,193,851	\$ 30,912,844	\$6,968,696	\$3,802,049	\$ 10,770,745	\$ 7,323,007	\$ 53,964,596	\$38,235,851
Other Personnel Expenses	672,816	1,365,537	374,043	2,412,396	2,127,279	633,404	244,100	877,504	254,315	3,289,900	2,381,594
Communications and Printing	523,315	325,913	53,586	902,814	780,404	69,289	370,431	439,720	295,240	1,342,534	1,075,644
Office Expenses	1,184,847	766,919	1,473,412	3,425,178	1,538,318	457,943	227,492	685,435	386,545	4,110,613	1,924,863
Equipment Costs	867,106	1,374,065	557,832	2,799,003	2,617,728	86,580	29,761	116,341	89,505	2,915,344	2,707,233
Consulting and Professional Fees	2,491,214	824,205	287,670	3,603,089	2,123,157	686,154	638,932	1,325,086	984,659	4,928,175	3,107,816
Property and Liability Insurance	188,289	42,418	7,945	238,652	166,441	333,720	-	333,720	320,908	572,372	487,349
Depreciation and Amortization	-	364,438	27,406	391,844	362,594	483,781	-	483,781	461,172	875,625	823,766
Occupancy Costs	1,863,140	756,752	331,289	2,951,181	2,220,313	238,422	6,620	245,042	226,183	3,196,223	2,446,496
Microfinance related	-	81,375	-	81,375	279,122	-	-	-	-	81,375	279,122
Initial Refugee Grants	5,181,382	-	-	5,181,382	1,354,993	-	-	-	-	5,181,382	1,354,993
Grants & Specific Assistance	17,351,552	2,083,911	4,089,749	23,525,212	11,450,729	63,205	-	63,205	36,911	23,588,417	11,487,640
Other Program Expenses	74,259	10,380,214	4,714,729	15,169,202	13,644,628	73	-	73	-	15,169,275	13,644,628
Other Expenses	<u>230,177</u>	<u>176,794</u>	<u>10,676</u>	<u>417,647</u>	<u>368,293</u>	<u>442,452</u>	<u>36,060</u>	<u>478,512</u>	<u>757,562</u>	<u>896,159</u>	<u>1,125,855</u>
Total Expenses	<u>\$59,346,035</u>	<u>\$29,077,348</u>	<u>\$15,869,443</u>	<u>\$104,292,826</u>	<u>\$69,946,843</u>	<u>\$ 10,463,719</u>	<u>\$5,355,445</u>	<u>\$ 15,819,164</u>	<u>\$11,136,007</u>	<u>\$120,111,990</u>	<u>\$81,082,850</u>

WORLD RELIEF CORPORATION OF NATIONAL ASSOCIATION OF EVANGELICALS

NOTES TO FINANCIAL STATEMENTS

September 30, 2022 And 2021

(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.

BASIS OF ACCOUNTING

The financial statements are presented on the accrual basis of accounting whereby revenue is recognized when earned, unconditional support is recognized when received, and expense are recognized when incurred.

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 \$6.9 million and \$4.4 million as of the year ended September 30, 2022, and 2021, 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 \$3.5 million and \$2.5 million of cash and cash equivalents held in foreign banking institutions as of September 30, 2022 and 2021. The funds held in foreign countries are uninsured.

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 a decrease to net assets of approximately \$270,000 for the year ended September 30, 2022 and an increase to net assets of approximately \$278,000 for the year ended September 30, 2021.

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.

WORLD RELIEF CORPORATION OF NATIONAL ASSOCIATION OF EVANGELICALS

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2022 And 2021

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.

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.

WORLD RELIEF CORPORATION OF NATIONAL ASSOCIATION OF EVANGELICALS

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2022 And 2021

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.

GIFTS IN-KIND AND VOLUNTARY SERVICES

GIFTS IN-KIND

World Relief receives in-kind goods which are utilized to support its refugee resettlement, emergency intervention and other overseas programs. These resources are provided by refugee sponsors, churches, individuals and organizations. Donated goods are recorded at estimated fair value. World Relief also receives services in-kind from attorneys and other professional service providers that have a specialized skill set. The value of such services is recorded in the statement of activities at fair value generally derived from utilizing the National Occupational Employment and Wage Estimates guidelines.

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.

WORLD RELIEF CORPORATION OF NATIONAL ASSOCIATION OF EVANGELICALS

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2022 And 2021

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 2022 and 2021. 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. Costs that can be identified with a specific program or support service are charged directly according to their natural expenditure classifications. Costs that are common to multiple program and/or support functions are allocated based on level of effort and other cost studies.

SELF-INSURED MEDICAL PLAN

World Relief has established a program to self-insure a portion of its health benefits provided to its employees. Benefits paid to employees in excess of certain limits are provided by a commercial insurance carrier, thus limiting the World Relief's exposure under the program.

World Relief estimates the amount of claims incurred but not reported ("IBNR") based on an actuarial calculation using statistical analysis and historical experience. World Relief records a liability for any portion of IBNR not covered by its commercial insurance carriers. As of September 30, 2022 and 2021, the balance of the IBNR recorded in accounts payable and accrued expenses on the statement of financial position was approximately \$500,000 and \$600,000, respectively.

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, 2021, from which the summarized information was derived.

RECLASSIFICATIONS

Certain reclassifications were made to the 2021 financial statements to conform to the 2022 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, 2022 And 2021

ACCOUNTING PRONOUNCEMENTS ADOPTED

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 are required to present gifts-in-kind as a separate component on their statement of activities and require specific disclosures for certain quantitative and qualitative information about such non-financial assets. World Relief adopted this ASU effective October 1, 2021.

(2) INVESTMENTS

At September 30, 2022 and 2021, investments consisted of the following:

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Certificates of deposit	<u>\$ 618,100</u>	<u>\$ 618,100</u>	<u>\$ 646,150</u>	<u>\$ 646,150</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.

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

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2022 And 2021

The summary of inputs used to value World Relief’s investments as of September 30 are as follows:

	<u>2022</u>			
	<u>Total</u>	<u>Level 1 Quoted Prices</u>	<u>Level 2 Other Significant Observable Inputs</u>	<u>Level 3 Significant Unobservable Inputs</u>
Investments				
Certificate of Deposit	\$ 618,100	\$ -	\$ 618,100	\$ -
	<u>2021</u>			
	<u>Total</u>	<u>Level 1 Quoted Prices</u>	<u>Level 2 Other Significant Observable Inputs</u>	<u>Level 3 Significant Unobservable Inputs</u>
Investments				
Certificate of Deposit	\$ 646,150	\$ -	\$ 646,150	\$ -

(4) 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, 2022 and 2021, and is carried at cost. For the years ended September 30, 2022 and 2021, World Relief has a 25% and 44.3% interest in Turame Community Bank (“*Turame*”), a for profit microfinance institution extending services to the poor of Burundi. As of September 30, 2022 and 2021, 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, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
UOB	\$ 49,030	\$ 49,030
IMF Hekima	1,207,986	980,405
Turame Community Bank	<u>679,519</u>	<u>693,057</u>
	<u>\$1,936,535</u>	<u>\$1,722,492</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.

WORLD RELIEF CORPORATION OF NATIONAL ASSOCIATION OF EVANGELICALS

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2022 And 2021

(5) PLANT AND EQUIPMENT

The cost of property and equipment is as follows:

	<u>2022</u>	<u>2021</u>
Land	\$ 26,463	\$ 26,598
Buildings	2,267,651	1,640,069
Computers, office and other equipment	5,620,893	5,607,395
Vehicles	4,251,663	3,809,040
Work-in-progress	<u>777,582</u>	<u>1,091,942</u>
	12,944,252	12,175,044
Less: accumulated depreciation	<u>7,556,713</u>	<u>6,793,273</u>
Net value	<u>\$ 5,387,539</u>	<u>\$ 5,381,771</u>

(6) 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, 2022. 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 balance on this term loan as of September 30, 2022 and 2021 was \$911,784 and \$1,004,161, respectively.

The future maturities of this loan are as follows:

Year Ending September 30,

2023	\$ 95,911
2024	99,075
2025	102,344
2026	<u>614,454</u>
	<u>\$ 911,784</u>

Interest expense, for the years ended September 30, 2022 and 2021 was approximately \$30,950 and \$37,500, respectively.

Additionally, during 2022, World Relief executed a \$2,000,000 line of credit with a bank. This line of credit expires on February 7, 2024. Interest on outstanding advances is charged at the U.S. Prime Rate as published in the Wall Street Journal. There were no outstanding advances under this line of credit as of September 30, 2022.

(7) NET ASSETS

Net assets without donor restrictions at September 30, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Microenterprise/agricultural development activities	\$ 1,657,413	\$ 1,722,492
General net assets without donor restrictions	<u>22,780,596</u>	<u>16,012,746</u>
	<u>\$ 24,438,009</u>	<u>\$ 17,735,238</u>

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

September 30, 2022 And 2021

Net assets with donor restrictions are restricted to a specific purpose as designated by the donors. As of September 30, 2022, and 2021 such net assets are available for the following purposes:

	<u>2022</u>	<u>2021</u>
USA Programs	\$ 4,990,878	\$ 4,904,928
Overseas Programs	528,831	238,696
Disaster Response	1,070,497	504,130
General	<u>1,845,288</u>	<u>965,202</u>
	<u>\$ 8,435,494</u>	<u>\$ 6,612,956</u>

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

Purposes restrictions accomplished:

USA Programs	\$ 12,161,850
Overseas Programs	3,883,791
Disaster Response	3,968,555
General Programs	<u>1,648,778</u>
	<u>\$ 21,662,974</u>

(8) CONTRIBUTED NON-FINANCIAL ASSETS

For the years ended September 30, contributed nonfinancial assets have been recorded in statement of activities and changes in net assets as follows:

	<u>2022</u>	<u>2021</u>
Household goods, clothing and supplies	\$ 402,288	\$ 555,361
Vehicles	68,863	83,903
Food	10,284	2,277,244
Pharmaceuticals	1,017,145	7,276
Temporary housing and transportation	576,953	-
Professional services	76,174	109,714
Other	<u>34,550</u>	<u>79,688</u>
Total Contributed Nonfinancial assets	<u>\$ 2,186,257</u>	<u>\$ 3,113,186</u>

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NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2022 And 2021

The following table describes the programs which benefited from contributed nonfinancial assets, restrictions related to such assets, and the valuation techniques utilized by World Relief:

	Utilization In Program/Activities	Donor Restrictions	Valuation Techniques And Inputs
Household goods, clothing and supplies	Resettlement Programs	No associated donor restrictions	Fair value estimated based on average prices of items held at Salvation Army and Goodwill thrift stores
Vehicles	Resettlement Programs	No associated donor restrictions	Kelley Bluebook, local vendor, or donor value
Food	Resettlement Programs	No associated donor restrictions	Fair value estimated based on wholesale values that would be received for selling similar products in the United States
Pharmaceuticals	Overseas Programs	Restricted to use outside the United States	Quotation from pharmaceutical company in market in which the drug is distributed
Temporary housing and transportation	Resettlement Programs	Restricted to the Reception and Placement Program	Fair value based on rates charged to consumers in the marketplace
Services	Resettlement Programs	No associated donor restrictions	Contributed services from attorneys are valued at the estimated fair value based on current rates for similar services
Other	Resettlement Programs	No associated donor restrictions	Various

WORLD RELIEF CORPORATION OF NATIONAL ASSOCIATION OF EVANGELICALS

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2022 And 2021

(9) 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 \$1,092,416 and \$655,293 to the plan in 2022 and 2021, respectively.

(10) COMMITMENTS

World Relief incurred approximately \$1,986,000 and \$1,578,000 of rent expense related to leases for facilities for the years ending September 30, 2022 and 2021, respectively.

Future minimum payments under leases in excess of one year as of September 30, 2022, are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2023	\$ 734,000
2024	693,500
2025	553,000
2026	248,500
2027	180,000
2028 and thereafter	<u>630,000</u>
	<u>\$ 3,039,000</u>

(11) EXPENSES BY REGION

Program expenses by Region for the year ended September 30, 2022 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>Total</u>
Agriculture	\$ -	\$ -	\$ 161,057	\$ -	\$ 6,934,498	\$ -	\$ 114,121	\$ -	\$ 7,209,676
Anti-Trafficking	-	-	278,069	-	-	-	-	-	278,069
Economy, Industry & Income	-	399,702	-	430,321	986,366	-	818,652	-	2,635,041
Education	-	67,225	503,720	150,656	550,671	-	423,430	-	1,695,702
Emergency Relief	2,137,700	122,392	1,924,250	397,535	2,303,396	-	160,003	-	7,045,276
Health	-	1,279,688	1,672	445,133	7,917,551	-	3,818,137	-	13,462,181
Integrated Projects	3,375	70,301	4,705,019	154,434	9,776,894	-	502,236	474,977	15,687,236
Local Partner Strengthening	-	35,498	2,469,246	120,811	966,478	-	388,206	67,946	4,048,185
Peace Building	-	-	-	-	1,060,462	-	-	-	1,060,462
Refugee Resettlement	-	-	46,847,604	-	397,033	-	-	-	47,244,637
Service to Immigrants	-	-	2,964,602	-	-	-	-	-	2,964,602
Water & Sanitation	-	-	-	-	813,250	-	148,509	-	961,759
2022 Totals	<u>\$2,141,075</u>	<u>\$1,974,806</u>	<u>\$ 59,855,239</u>	<u>\$1,698,890</u>	<u>\$ 31,706,599</u>	<u>\$ -</u>	<u>\$6,373,294</u>	<u>\$ 542,923</u>	<u>\$104,292,826</u>
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>

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

September 30, 2022 And 2021

(12) SUPPORT AND REVENUE BY TYPE

Support and revenue by type for the years ending September 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Private contributions – Without donor restrictions	\$ 19,246,514	\$ 13,184,374
Private restricted (International – except Emergency)	3,878,795	2,588,435
Private restricted (Emergency Relief)	4,476,811	1,083,927
Private restricted (U.S.)	10,154,895	8,217,224
Private restricted (General)	<u>1,281,119</u>	<u>1,764,427</u>
Subtotal Private Contributions	<u>39,038,134</u>	<u>26,838,387</u>
Government grants (Federal to U.S. – direct receipt)	36,251,170	12,528,520
Government grants (Federal to U.S. – sub award)	7,192,389	5,134,382
Government grants (Federal to International – direct receipt)	<u>18,758,841</u>	<u>17,668,301</u>
Subtotal Government Grants	<u>62,202,400</u>	<u>35,331,203</u>
U.S state and local government grants	6,553,404	5,177,788
Non-U.S. public grants	<u>15,888,090</u>	<u>15,692,209</u>
Subtotal Other Public Grants	<u>22,441,494</u>	<u>20,869,997</u>
Fees for services (U.S.)	1,311,913	1,671,147
Fees for services (International)	<u>5,324</u>	<u>9,204</u>
Subtotal Fees for Services	<u>1,317,237</u>	<u>1,680,351</u>
Gift in kind (International)	1,055,131	5,277
Gift in kind (U.S.)	1,131,126	3,107,909
Miscellaneous income	752,146	452,508
Investments and gains/losses	<u>45,436</u>	<u>20,789</u>
Subtotal Other Income	<u>2,983,839</u>	<u>3,586,483</u>
Total Support and Revenue	<u>\$ 127,983,104</u>	<u>\$ 88,306,421</u>

WORLD RELIEF CORPORATION OF NATIONAL ASSOCIATION OF EVANGELICALS

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2022 And 2021

(13) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

At September 30, 2022 and 2021, 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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 30,890,671	\$ 20,823,096
Investments – current	618,100	646,150
Receivables	<u>13,641,654</u>	<u>7,492,741</u>
Total financial assets available within one year	45,150,425	28,961,987
Less those unavailable for general expenditure within one year due to donor-imposed restrictions	<u>(7,777,092)</u>	<u>(6,612,956)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 37,373,333</u>	<u>\$ 22,349,031</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.

(14) CONTINGENCIES

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.

(15) SUBSEQUENT EVENTS

Subsequent events after the statement of financial position date through the date that the financial statements were available for issuance, March 6, 2023, have been evaluated in the preparation of the financial statements.