

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

*FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS*

**SEPTEMBER 30, 2023 WITH SUMMARIZED COMPARATIVE
INFORMATION FOR 2022**

**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, 2023, 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, 2023, 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.

Emphasis of Matter

As discussed in Note 1, World Relief adopted ASU 2016-02, *Leases* (Topic 842) during the fiscal year and applied the transition method allowed to adopt this standard as of October 1, 2022. Our opinion is not modified with respect to this matter.

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

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

for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 2022 financial statements and our report dated March 6, 2023 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, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Tait, Weller & Baker LLP

**Philadelphia, Pennsylvania
February 26, 2024**

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

STATEMENTS OF FINANCIAL POSITION

September 30, 2023 And 2022

| | <u>2023</u> | <u>2022</u> |
|---|---------------------|---------------------|
| ASSETS | | |
| Cash and cash equivalents | \$29,992,247 | \$30,890,671 |
| Investments, at market <i>(Note 2)</i> | 429,251 | 618,100 |
| Grants receivable | 17,304,412 | 13,641,654 |
| Prepaid expenses and other assets | 662,765 | 2,247,787 |
| Minority interest in net assets <i>(Note 4)</i> | 1,391,184 | 1,936,535 |
| Right-of-use assets <i>(Note 10)</i> | 3,037,206 | - |
| Plant and equipment – net of accumulated depreciation <i>(Note 5)</i> | <u>4,610,561</u> | <u>5,387,539</u> |
| Total assets | <u>\$57,427,626</u> | <u>\$54,722,286</u> |
| LIABILITIES AND NET ASSETS | | |
| Accounts payable and accrued liabilities | \$11,581,629 | \$ 8,944,689 |
| Deferred revenue | 10,608,424 | 12,650,712 |
| Operating lease liabilities <i>(Note 10)</i> | 3,037,206 | - |
| Debt <i>(Note 6)</i> | <u>-</u> | <u>911,784</u> |
| Total liabilities | <u>25,227,259</u> | <u>22,507,185</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>24,148,940</u> | <u>23,778,607</u> |
| Total net assets without donor restrictions | 24,149,940 | 23,779,607 |
| Net assets with donor restrictions <i>(Note 7)</i> | <u>8,050,427</u> | <u>8,435,494</u> |
| Total net assets | <u>32,200,367</u> | <u>32,215,101</u> |
| | <u>\$57,427,626</u> | <u>\$54,722,286</u> |

WORLD RELIEF CORPORATION OF NATIONAL ASSOCIATION OF EVANGELICALS

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended September 30, 2023 With Summarized Information For 2022

| | Without Donor Restrictions | With Donor Restrictions | 2023 Total | 2022 Total |
|---|---------------------------------------|------------------------------------|-----------------------|-----------------------|
| Support and Revenue | | | | |
| Private contributions of cash and other financial assets | \$ 13,692,482 | \$ 18,498,243 | \$ 32,190,725 | \$ 39,038,134 |
| Contributions of nonfinancial assets <i>(Note 8)</i> | 2,205,642 | - | 2,205,642 | 2,186,257 |
| Government and other public grants | 126,026,563 | - | 126,026,563 | 84,643,895 |
| Other revenue | 2,349,030 | - | 2,349,030 | 2,114,818 |
| Net assets released from restrictions <i>(Note 7)</i> | <u>18,883,310</u> | <u>(18,883,310)</u> | <u>-</u> | <u>-</u> |
| Total support and revenue <i>(Note 12)</i> | <u>163,157,027</u> | <u>(385,067)</u> | <u>162,771,960</u> | <u>127,983,104</u> |
| Expenses | | | | |
| Program ministries | | | | |
| USA programs | 90,697,725 | - | 90,697,725 | 59,346,035 |
| Overseas programs | 34,952,522 | - | 34,952,522 | 29,077,348 |
| Disaster response | <u>16,924,314</u> | <u>-</u> | <u>16,924,314</u> | <u>15,869,443</u> |
| Total program ministries | <u>142,574,561</u> | <u>-</u> | <u>142,574,561</u> | <u>104,292,826</u> |
| Support Ministries | | | | |
| General and administrative | 14,674,822 | - | 14,674,822 | 10,463,719 |
| Fundraising | <u>5,839,177</u> | <u>-</u> | <u>5,839,177</u> | <u>5,355,445</u> |
| Total support ministries | <u>20,513,999</u> | <u>-</u> | <u>20,513,999</u> | <u>15,819,164</u> |
| Total expenses | <u>163,088,560</u> | <u>-</u> | <u>163,088,560</u> | <u>120,111,990</u> |
| Excess of revenue over expenses | 68,467 | (385,067) | (316,600) | 7,871,114 |
| Other Changes | | | | |
| Realized and unrealized gains on minority interest in net assets | (16,806) | - | (16,806) | 221,644 |
| Gain on sale of fixed assets | 1,116,431 | - | 1,116,431 | 22,984 |
| Loss on foreign currency translation | (484,321) | - | (484,321) | (268,418) |
| Other losses (gains) | <u>(313,438)</u> | <u>-</u> | <u>(313,438)</u> | <u>19,583</u> |
| Change in net assets | 370,333 | (385,067) | (14,734) | 7,866,907 |
| Net Assets | | | | |
| Beginning of year | <u>23,779,607</u> | <u>8,435,494</u> | <u>32,215,101</u> | <u>24,348,194</u> |
| End of year | <u>\$ 24,149,940</u> | <u>\$ 8,050,427</u> | <u>\$ 32,200,367</u> | <u>\$ 32,215,101</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, 2023 And 2022

| | <u>2023</u> | <u>2022</u> |
|---|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| <i>Changes in net assets</i> | \$ (14,734) | \$ 7,866,907 |
| <i>Adjustments to reconcile changes in net assets to net cash from operating activities</i> | | |
| Depreciation and amortization | 957,164 | 875,625 |
| Gain on disposal of fixed assets | (1,116,431) | (22,984) |
| Realized loss on sale of minority interest investment | 182,878 | - |
| Bad debt expense | - | 10,113 |
| Loss (gain) on foreign exchange rates | 509,024 | 268,418 |
| Amortization of right-of-use assets | 873,608 | - |
| Unrealized gain on equity investment in microfinance institutions | (133,968) | (214,043) |
| (Increase) decrease in | | |
| Receivables | (4,041,508) | (6,332,213) |
| Prepaid expenses and other assets | 1,585,022 | (1,109,018) |
| Increase (decrease) in | | |
| Accounts payable and accrued liabilities | 2,636,940 | 2,483,867 |
| Operating lease liabilities | (873,608) | - |
| Deferred revenue and refundable advance | <u>(2,042,288)</u> | <u>7,258,870</u> |
| Net cash (used in) provided by operating activities | <u>(1,477,901)</u> | <u>11,085,542</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from short term investments, net | 188,849 | 28,050 |
| Proceeds from sale of minority interest investment | 496,441 | - |
| Proceeds from sale of fixed assets, net | 1,752,109 | 22,984 |
| Purchases of fixed assets | <u>(946,138)</u> | <u>(976,624)</u> |
| Net cash provided by (used in) investing activities | <u>1,491,261</u> | <u>(925,590)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayments of debt | <u>(911,784)</u> | <u>(92,377)</u> |
| Net cash used in financing activities | <u>(911,784)</u> | <u>(92,377)</u> |
| Net (decrease) increase in cash and cash equivalents | (898,424) | 10,067,575 |
| CASH, CASH EQUIVALENTS | | |
| Cash and cash equivalents at the beginning of the year | <u>30,890,671</u> | <u>20,823,096</u> |
| Cash and cash equivalents at the end of the year | <u>\$ 29,992,247</u> | <u>\$ 30,890,671</u> |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | |
| Cash paid during the year for interest | <u>\$ 30,449</u> | <u>\$ 31,697</u> |
| Right-of-Use Assets | <u>\$ 3,910,814</u> | <u>\$ -</u> |
| Lease Liabilities for Right-of-Use Assets | <u>\$ 3,910,814</u> | <u>\$ -</u> |

The accompanying notes are an integral part of this statement.

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

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended September 30, 2023 With Summarized Information For 2022

| | Program Ministries | | | | | Supporting Ministries | | | | Total Expenses | |
|----------------------------------|----------------------------|----------------------------|----------------------------|-----------------------------|-----------------------------|----------------------------|---------------------------|----------------------------|----------------------------|-----------------------------|-----------------------------|
| | USA Programs | Overseas Programs | Disaster Response | 2023 Total | 2022 Comparative Total | General And Administrative | Fundraising | 2023 Total | 2022 Comparative Total | 2023 Total | 2022 Comparative Total |
| Salaries and Benefits | \$44,067,224 | \$ 11,498,617 | \$ 4,310,570 | \$ 59,876,411 | \$ 43,193,851 | \$ 9,600,417 | \$4,252,480 | \$ 13,852,897 | \$10,770,745 | \$ 73,729,308 | \$ 53,964,596 |
| Other Personnel Expenses | 1,167,943 | 1,872,251 | 491,032 | 3,531,226 | 2,412,396 | 1,037,439 | 354,921 | 1,392,360 | 877,504 | 4,923,586 | 3,289,900 |
| Communications and Printing | 767,870 | 354,004 | 78,342 | 1,200,216 | 902,814 | 63,393 | 250,464 | 314,157 | 439,720 | 1,514,373 | 1,342,534 |
| Office Expenses | 1,235,936 | 511,212 | 240,573 | 1,987,721 | 3,425,178 | 558,480 | 356,319 | 914,799 | 685,435 | 2,902,520 | 4,110,613 |
| Equipment Costs | 880,223 | 946,500 | 444,199 | 2,270,922 | 2,799,003 | 167,343 | 35,011 | 202,354 | 116,341 | 2,473,276 | 2,915,344 |
| Consulting and Professional Fees | 4,170,549 | 691,912 | 194,813 | 5,057,274 | 3,603,089 | 1,083,694 | 531,865 | 1,615,559 | 1,325,086 | 6,672,833 | 4,928,175 |
| Property and Liability Insurance | 202,141 | 36,897 | 9,835 | 248,873 | 238,652 | 535,168 | - | 535,168 | 333,720 | 784,041 | 572,372 |
| Depreciation and Amortization | 160,232 | 393,357 | 33,956 | 587,545 | 391,844 | 369,619 | - | 369,619 | 483,781 | 957,164 | 875,625 |
| Occupancy Costs | 2,471,035 | 824,395 | 350,421 | 3,645,851 | 2,951,181 | 254,377 | 1,400 | 255,777 | 245,042 | 3,901,628 | 3,196,223 |
| Microfinance related | - | - | - | - | 81,375 | - | - | - | - | - | 81,375 |
| Initial Refugee Grants | 7,989,347 | - | - | 7,989,347 | 5,181,382 | - | - | - | - | 7,989,347 | 5,181,382 |
| Grants & Specific Assistance | 27,317,449 | 4,239,619 | 3,274,977 | 34,832,045 | 23,525,212 | 58,842 | - | 58,842 | 63,205 | 34,890,887 | 23,588,417 |
| Other Program Expenses | 48,543 | 13,396,396 | 7,394,983 | 20,839,922 | 15,169,202 | 1,900 | - | 1,900 | 73 | 20,841,822 | 15,169,275 |
| Other Expenses | <u>219,233</u> | <u>187,362</u> | <u>100,613</u> | <u>507,208</u> | <u>417,647</u> | <u>943,850</u> | <u>56,717</u> | <u>1,000,567</u> | <u>478,512</u> | <u>1,507,775</u> | <u>896,159</u> |
| Total Expenses | <u>\$90,697,725</u> | <u>\$34,952,522</u> | <u>\$16,924,314</u> | <u>\$142,574,561</u> | <u>\$104,292,826</u> | <u>\$14,674,822</u> | <u>\$5,839,177</u> | <u>\$20,513,999</u> | <u>\$15,819,164</u> | <u>\$163,088,560</u> | <u>\$120,111,990</u> |

WORLD RELIEF CORPORATION OF NATIONAL ASSOCIATION OF EVANGELICALS

NOTES TO FINANCIAL STATEMENTS

September 30, 2023 And 2022

(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 \$4.9 million and \$6.8 million as of the year ended September 30, 2023, and 2022, 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 \$5.2 million and \$4.0 million of cash and cash equivalents held in foreign banking institutions as of September 30, 2023 and 2022. The funds held in foreign countries are uninsured.

During the year ended September 30, 2023, as a result of ongoing conflict and an increasingly unstable environment in Sudan, World Relief was required to evacuate and relocate its staff in country. The current environment in Sudan has affected local financial institutions where World Relief holds deposits, and which have become inaccessible. As a result, World Relief has provided an allowance of approximately \$300,000 on these account balances as of September 30, 2023, which is recorded in other losses on the statement of activities. World Relief is closely monitoring the situation and expects additional assets may be at risk, however, as of the report date, is unable to determine the amount that may not be recoverable.

WORLD RELIEF CORPORATION OF NATIONAL ASSOCIATION OF EVANGELICALS

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2023 And 2022

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 \$520,000 and \$270,000 for the years ended September 30, 2023 and 2022, 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, 2020 - 2022) or expected to be taken in World Relief’s September 30, 2023 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, 2023 And 2022

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, 2023 And 2022

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.

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 83,000 and 75,000 people volunteered with World Relief during 2023 and 2022, respectively. 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, 2023 and 2022, the balance of the IBNR recorded in accounts payable and accrued expenses on the statement of financial position was approximately \$760,000 and \$490,000, respectively.

LEASES

Operating leases are included in right-of-use ("ROU") assets and lease liabilities in the statement of financial position. World Relief determines whether an agreement is or contains a lease at lease inception.

ROU assets represent World Relief's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. When the lease does not provide an implicit interest rate, the incremental borrowing rate based on the information available at commencement date is used in determining the present value of lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

WORLD RELIEF CORPORATION OF NATIONAL ASSOCIATION OF EVANGELICALS

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2023 And 2022

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, 2022, from which the summarized information was derived.

RECLASSIFICATIONS

Certain reclassifications were made to the 2022 financial statements to conform to the 2023 presentation.

ACCOUNTING PRONOUNCEMENTS 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. World Relief adopted this ASU during the fiscal year and applied the transition method allowed by ASU 2018-11 to adopt this standard as of October 1, 2022.

(2) INVESTMENTS

At September 30, 2023 and 2022, the market value of investments consisted of the following:

| | <u>2023</u> | <u>2022</u> |
|-------------------------|-------------------|------------------|
| Certificates of deposit | \$ 161,937 | \$ 618,100 |
| Money market funds | 166,157 | - |
| Mutual funds | <u>101,157</u> | <u>-</u> |
| | <u>\$ 429,251</u> | <u>\$618,100</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, 2023 And 2022

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

| | <u>2023</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 | \$ 161,937 | \$ - | \$ 161,937 | \$ - |
| Money market funds | 166,157 | 161,157 | - | - |
| Mutual funds | <u>101,157</u> | <u>101,157</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 429,251</u> | <u>\$ 262,314</u> | <u>\$ 161,937</u> | <u>\$ -</u> |

| | <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 | \$ - |

(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, 2023 and 2022 and is carried at cost. For the year ended September 30, 2022, World Relief had a 25% interest in Turame Community Bank (“*Turame*”), a for profit microfinance institution extending services to the poor of Burundi. During the year ended September 30, 2023, World Relief sold its remaining interest in Turame to an unrelated party that resulted in a loss of approximately \$183,000. As of September 30, 2023 and 2022, 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. Hekima and Turame (through the time of sale) 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, 2023 and 2022 is as follows:

| | <u>2023</u> | <u>2022</u> |
|-----------------------|---------------------|---------------------|
| UOB | \$ 49,030 | \$ 49,030 |
| IMF Hekima | 1,342,154 | 1,207,986 |
| Turame Community Bank | <u>-</u> | <u>679,519</u> |
| | <u>\$ 1,391,184</u> | <u>\$ 1,936,535</u> |

Realized and unrealized gains/losses on these assets are reported in the statement of activities and changes in net assets as realized and unrealized gains on minority interest in net assets.

WORLD RELIEF CORPORATION OF NATIONAL ASSOCIATION OF EVANGELICALS

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2023 And 2022

(5) PLANT AND EQUIPMENT

The cost of property and equipment is as follows:

| | <u>2023</u> | <u>2022</u> |
|---------------------------------------|---------------------|---------------------|
| Land | \$ 438 | \$ 26,463 |
| Buildings | 950,744 | 2,267,651 |
| Computers, office and other equipment | 3,993,275 | 5,620,893 |
| Vehicles | 4,568,105 | 4,251,663 |
| Work-in-progress | <u>1,254,483</u> | <u>777,582</u> |
| | 10,767,045 | 12,944,252 |
| Less: accumulated depreciation | <u>6,156,484</u> | <u>7,556,713</u> |
| Net value | <u>\$ 4,610,561</u> | <u>\$ 5,387,539</u> |

In September 2023, World Relief sold its building in Baltimore, Maryland for \$1,700,000. The transaction resulted in a gain of approximately \$1,000,000 and is included in gain on sale of fixed assets and other activity in the statement of activities. As a result of the sale, World Relief paid off its term loan with the bank as discussed in *Note 6*.

(6) DEBT

World Relief had a \$1,598,000 term loan with a bank bearing interest at the rate of 3.25% as of September 30, 2022. The loan required monthly principal and interest payments with a balloon payment due in February 2026. The loan was secured by substantially all of the assets of World Relief. During the year ended September 30, 2023, World Relief sold the building that collateralized this loan and used the proceeds to pay the balance in full (See *Note 5*).

Interest expense, for each of the years ended September 30, 2023 and 2022 was approximately \$31,000.

World Relief also has a \$5,000,000 line of credit with the bank (\$2,000,000 during 2022). This line of credit expires on September 29, 2025. Interest on outstanding advances as of September 30, 2023, is charged at 9%. There were no outstanding advances under this line of credit as of September 30, 2023, and 2022.

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

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2022 And 2021

(7) NET ASSETS

Net assets without donor restrictions at September 30, 2023 and 2022 consist of the following:

| | <u>2023</u> | <u>2022</u> |
|---|----------------------|----------------------|
| Microenterprise/agricultural development activities | \$ 1,128,270 | \$ 1,657,413 |
| General net assets without donor restrictions | <u>23,021,670</u> | <u>22,122,194</u> |
| | <u>\$ 24,149,940</u> | <u>\$ 23,779,607</u> |

Net assets with donor restrictions are restricted to a specific purpose as designated by the donors. As of September 30, 2023, and 2022 such net assets are available for the following purposes:

| | <u>2023</u> | <u>2022</u> |
|-------------------|---------------------|---------------------|
| USA Programs | \$ 3,068,737 | \$ 4,990,878 |
| Overseas Programs | 49,428 | 528,831 |
| Disaster Response | 698,386 | 1,070,497 |
| General | <u>4,233,876</u> | <u>1,845,288</u> |
| | <u>\$ 8,050,427</u> | <u>\$ 8,435,494</u> |

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

Purposes restrictions accomplished:

| | |
|-------------------|----------------------|
| USA Programs | \$ 11,997,029 |
| Overseas Programs | 2,997,227 |
| Disaster Response | 3,589,543 |
| General Programs | <u>299,511</u> |
| | <u>\$ 18,883,310</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>2023</u> | <u>2022</u> |
|--|---------------------|---------------------|
| Household goods, clothing and supplies | \$ 2,039,521 | \$ 402,288 |
| Vehicles | 35,421 | 68,863 |
| Food | 5,165 | 10,284 |
| Pharmaceuticals | 400 | 1,017,145 |
| Temporary housing and transportation | - | 576,953 |
| Professional services | 79,823 | 76,174 |
| Other | <u>45,312</u> | <u>34,550</u> |
| Total Contributed Nonfinancial assets | <u>\$ 2,205,642</u> | <u>\$ 2,186,257</u> |

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

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2023 And 2022

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, 2023 And 2022

(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 \$1,668,603 and \$1,092,416 to the plan in 2023 and 2022, respectively.

(10) OPERATING LEASES

World Relief has long-term lease agreements for office space in locations throughout the United States and abroad. The following is quantitative data related to World Relief's operating leases for the year ended September 30, 2023:

Operating Lease Amounts:

| | |
|-----------------------------|--------------|
| Right-of-use assets | \$ 3,037,206 |
| Operating lease liabilities | 3,037,206 |

Other Information:

| | |
|--|------------|
| Operating outgoing cash flows for operating leases | \$ 482,000 |
| Weighted-average remaining lease term | 4.7 years |
| Weighted average discount rate | 3.72% |

Lease cost information for the year ended September 30, 2023 is as follows:

| | |
|----------------------|---------------------|
| Operating lease cost | \$ 944,000 |
| Variable lease costs | <u>235,000</u> |
| Total lease Costs | <u>\$ 1,179,000</u> |

Approximate future minimum rentals under its non-cancelable operating lease is as follows:

| | <u>Office Facilities</u> |
|---------------------|-------------------------------------|
| 2024 | \$ 952,000 |
| 2025 | 873,000 |
| 2026 | 463,000 |
| 2027 | 213,000 |
| 2028 | 199,000 |
| 2029 and thereafter | <u>450,000</u> |
| | <u>\$3,150,000</u> |

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

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2023 And 2022

(11) EXPENSES BY REGION

Program expenses by Region for the year ended September 30, 2023 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>Southern Africa</u> | <u>South And Southeast Asia</u> | <u>Total</u> |
|-------------------------------------|--------------------|---------------------------------------|---------------------|--|---------------------------------|----------------------------|---|----------------------|
| Agriculture | \$ - | \$ - | \$ 77,476 | \$ 499,761 | \$ 10,907,795 | \$ 118,380 | \$ - | \$ 11,603,412 |
| Anti-Trafficking | - | - | 24,292 | - | - | - | - | 24,292 |
| Construction, Shelter & Settlements | - | - | - | - | 285,364 | - | - | 285,364 |
| Economy, Industry & Income | - | - | - | 232,846 | 500,503 | 109,190 | 52,810 | 895,349 |
| Education | - | 89,567 | 1,545,990 | - | 809,458 | 583,988 | 132,200 | 3,161,203 |
| Emergency Relief | 2,051,276 | 175,207 | 1,183,786 | 51,195 | 3,004,669 | 340,615 | - | 6,806,748 |
| Health | - | 1,431,209 | - | 594,890 | 9,383,991 | 1,327,492 | - | 12,737,582 |
| Integrated Projects | - | 16,102 | 6,282,713 | 211,001 | 13,750,977 | 386,826 | 64,252 | 20,711,871 |
| Local Partner Strengthening | - | 19,234 | 2,707,018 | 164,672 | 1,408,918 | 510,412 | 320,693 | 5,130,947 |
| Peace Building | - | - | - | - | 339,967 | - | - | 339,967 |
| Refugee Resettlement | - | - | 75,875,874 | 72,417 | 429,006 | - | - | 76,377,297 |
| Service to Immigrants | - | - | 3,000,576 | - | - | - | - | 3,000,576 |
| Water & Sanitation | - | - | - | 154,326 | 1,345,627 | - | - | 1,499,953 |
| 2023 Totals | <u>\$2,051,276</u> | <u>\$1,731,319</u> | <u>\$90,697,725</u> | <u>\$1,981,108</u> | <u>\$42,166,275</u> | <u>\$3,376,903</u> | <u>\$569,955</u> | <u>\$142,574,561</u> |
| 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>\$6,373,294</u> | <u>\$542,923</u> | <u>\$104,292,826</u> |

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

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2023 And 2022

(12) SUPPORT AND REVENUE BY TYPE

Support and revenue by type for the years ending September 30, 2023 and 2022 are as follows:

| | <u>2023</u> | <u>2022</u> |
|---|-----------------------|-----------------------|
| Private contributions – Without donor restrictions | \$ 11,228,104 | \$ 19,246,514 |
| Private restricted (International – except Emergency) | 5,953,904 | 3,878,795 |
| Private restricted (Emergency Relief) | 3,562,588 | 4,476,811 |
| Private restricted (U.S.) | 10,860,625 | 10,154,895 |
| Private restricted (General) | <u>585,504</u> | <u>1,281,119</u> |
| Subtotal Private Contributions | <u>32,190,725</u> | <u>39,038,134</u> |
| Government grants (Federal to U.S. – direct receipt) | 54,491,946 | 36,251,170 |
| Government grants (Federal to U.S. – sub award) | 20,059,225 | 7,192,389 |
| Government grants (Federal to International – direct receipt) | <u>21,844,452</u> | <u>18,758,841</u> |
| Subtotal Government Grants | <u>96,395,623</u> | <u>62,202,400</u> |
| U.S state and local government grants | 8,010,008 | 6,553,404 |
| Non-U.S. public grants | <u>21,620,932</u> | <u>15,888,090</u> |
| Subtotal Other Public Grants | <u>29,630,940</u> | <u>22,441,494</u> |
| Fees for services (U.S.) | 1,305,158 | 1,311,913 |
| Fees for services (International) | <u>4,274</u> | <u>5,324</u> |
| Subtotal Fees for Services | <u>1,309,432</u> | <u>1,317,237</u> |
| Gift in kind (International) | 400 | 1,055,131 |
| Gift in kind (U.S.) | 2,205,242 | 1,131,126 |
| Miscellaneous income | 958,929 | 752,146 |
| Investments income and gains | <u>80,669</u> | <u>45,436</u> |
| Subtotal Other Income | <u>3,245,240</u> | <u>2,983,839</u> |
| Total Support and Revenue | <u>\$ 162,771,960</u> | <u>\$ 127,983,104</u> |

WORLD RELIEF CORPORATION OF NATIONAL ASSOCIATION OF EVANGELICALS

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2023 And 2022

(13) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

At September 30, 2023 and 2022, financial assets and liquidity resources available within one year for general expenditure such as operating expenses and grant expenses, were as follows:

| | <u>2023</u> | <u>2022</u> |
|---|----------------------|----------------------|
| Cash and cash equivalents | \$ 29,992,247 | \$ 30,890,671 |
| Investments – current | 429,251 | 618,100 |
| Receivables | <u>17,304,412</u> | <u>13,641,654</u> |
| Total financial assets available within one year | 47,725,910 | 45,150,425 |
| Less those unavailable for general expenditure within one year due to donor-imposed restrictions | <u>(8,050,427)</u> | <u>(8,435,494)</u> |
| Total financial assets available to management for general expenditure within one year | <u>\$ 39,675,483</u> | <u>\$ 36,714,931</u> |

As part of World Relief's liquidity management, it has a practice of structuring 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, February 26, 2024, have been evaluated in the preparation of the financial statements.