

**CHURCH WORLD SERVICE, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2023 AND 2022**

CHURCH WORLD SERVICE, INC.

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## Independent Auditor's Report

The Board of Directors  
Church World Service, Inc.  
New York City, New York

### **Opinion**

We have audited the accompanying financial statements of Church World Service, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years 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 Church World Service, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Church World Service, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Church World Service Inc.'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.

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 Church World Service Inc.'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 Church World Service Inc.'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.

A handwritten signature in black ink that reads "Crosslin, PLLC".

February 14, 2024  
Nashville, Tennessee

CHURCH WORLD SERVICE, INC.  
STATEMENTS OF FINANCIAL POSITION

	June 30,	
	2023	2022
<b>Assets</b>		
Cash and cash equivalents	\$ 5,188,479	\$ 3,404,884
Contributions receivable, less allowances for uncollectible contributions (\$5,000 in 2023 and 2022)	371,745	511,158
Government grants receivable	28,728,374	20,548,818
Prepaid expenses and other assets	1,975,666	5,350,066
Inventories	2,262,379	3,023,249
Investments	6,660,199	6,166,371
Investments held by others	11,255,967	10,443,359
Split-interest agreement receivables	1,030,852	874,501
Right-of-use assets - operating lease	7,258,944	-
Land, building, and equipment, net	866,622	801,948
	<u>\$ 65,599,227</u>	<u>\$ 51,124,354</u>
Total assets	<u>\$ 65,599,227</u>	<u>\$ 51,124,354</u>
<b>Liabilities and net assets</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 18,812,020	\$ 18,280,956
Grants payable	312,842	259,673
<b>Accrued liabilities:</b>		
Due to other U.S. voluntary agencies	138,845	157,473
Other	3,424,958	3,546,146
Debt obligations	4,620,398	-
Operating lease liabilities	7,314,709	-
Postretirement benefit liability	3,518,504	2,863,955
Total liabilities	<u>38,142,276</u>	<u>25,108,203</u>
<b>Net assets:</b>		
Without donor restrictions	12,820,117	11,998,305
With donor restrictions	14,636,834	14,017,846
Total net assets	<u>27,456,951</u>	<u>26,016,151</u>
Total liabilities and net assets	<u>\$ 65,599,227</u>	<u>\$ 51,124,354</u>

See accompanying notes to the financial statements.

CHURCH WORLD SERVICE, INC.  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support, revenues, gains and other income</b>			
Support:			
Contributions – member communions and related other organizations	\$ 6,111,708	\$ 3,806,454	\$ 9,918,162
Contributions – public and community appeals	16,520,911	2,440,868	18,961,779
Government programs	186,438,735	-	186,438,735
Donated materials	1,411,373	-	1,411,373
Revenues and gains:			
Service fees	1,687,772	-	1,687,772
Investment return, net	575,244	-	575,244
Other income	526,415	-	526,415
Net assets released from restrictions	5,573,307	(5,573,307)	-
Total support, revenues, gains and other income	218,845,465	674,015	219,519,480
<b>Expenses</b>			
Program services:			
Global relief and development	8,818,452	-	8,818,452
Emergency response	6,834,006	-	6,834,006
Services for displaced people	170,998,164	-	170,998,164
Advocacy	4,198,719	-	4,198,719
Total program services	190,849,341	-	190,849,341
Supporting services:			
Management and general	21,258,479	-	21,258,479
Fund-raising	6,888,960	-	6,888,960
Total supporting services	28,147,439	-	28,147,439
Total expenses	218,996,780	-	218,996,780
Change in net assets from operations	(151,315)	674,015	522,700
<b>Nonoperating activities</b>			
Investment return, net	973,127	-	973,127
Endowment contributions	-	235,658	235,658
Other changes, net	-	(290,685)	(290,685)
Change in net assets from nonoperating activities	973,127	(55,027)	918,100
Change in net assets	821,812	618,988	1,440,800
Net assets at beginning of year	11,998,305	14,017,846	26,016,151
Net assets at end of year	\$ 12,820,117	\$ 14,636,834	\$ 27,456,951

See accompanying notes to the financial statements.

CHURCH WORLD SERVICE, INC.  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support, revenues, gains and other income</b>			
Support:			
Contributions – member communions and related other organizations	\$ 5,569,109	\$ 3,191,894	\$ 8,761,003
Contributions – public and community appeals	21,197,041	2,945,069	24,142,110
Government programs	114,606,867	-	114,606,867
Donated materials	1,564,686	-	1,564,686
Revenues and gains:			
Service fees	1,734,603	-	1,734,603
Investment return, net	(451,081)	-	(451,081)
Other income	931,309	-	931,309
Net assets released from restrictions	5,455,190	(5,455,190)	-
Total support, revenues, gains and other income	<u>150,607,724</u>	<u>681,773</u>	<u>151,289,497</u>
<b>Expenses</b>			
Program services:			
Global relief and development	8,458,343	-	8,458,343
Emergency response	7,790,587	-	7,790,587
Services for displaced people	113,732,353	-	113,732,353
Advocacy	3,777,384	-	3,777,384
Total program services	<u>133,758,667</u>	<u>-</u>	<u>133,758,667</u>
Supporting services:			
Management and general	9,022,824	-	9,022,824
Fund-raising	6,221,668	-	6,221,668
Total supporting services	<u>15,244,492</u>	<u>-</u>	<u>15,244,492</u>
Total expenses	<u>149,003,159</u>	<u>-</u>	<u>149,003,159</u>
Change in net assets from operations	1,604,565	681,773	2,286,338
<b>Nonoperating activities</b>			
Investment return, net	(1,220,544)	-	(1,220,544)
Endowment contributions	-	5,958	5,958
Other changes, net	-	111,153	111,153
Change in net assets from nonoperating activities	<u>(1,220,544)</u>	<u>117,111</u>	<u>(1,103,433)</u>
Change in net assets	<u>384,021</u>	<u>798,884</u>	<u>1,182,905</u>
Net assets at beginning of year	<u>11,614,284</u>	<u>13,218,962</u>	<u>24,833,246</u>
Net assets at end of year	<u>\$ 11,998,305</u>	<u>\$ 14,017,846</u>	<u>\$ 26,016,151</u>

See accompanying notes to the financial statements.

CHURCH WORLD SERVICE, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2023

Type of Expense	Global Relief and Development	Emergency Response	Services for Displaced People	Advocacy	Total Program Services	Management and General	Fund- Raising	Total Supporting Services	Total 2023 Expenses
Direct program expenses	\$ 6,996,272	\$ 4,994,240	\$ 117,028,340	\$ 4,760	\$ 129,023,612	\$ -	\$ -	\$ -	\$ 129,023,612
Designated expenditures for other									
U.S. voluntary agencies	201,877	1,345,847	114,584	-	1,662,308	-	-	-	1,662,308
	<u>7,198,149</u>	<u>6,340,087</u>	<u>117,142,924</u>	<u>4,760</u>	<u>130,685,920</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>130,685,920</u>
Salaries and related costs	791,769	385,446	45,994,680	3,786,580	50,958,475	13,027,864	3,968,123	16,995,987	67,954,462
Professional fees	464,363	54,425	1,422,795	240,825	2,182,408	5,596,322	1,088,150	6,684,472	8,866,880
Rent and occupancy	64,825	11,150	2,169,925	51,440	2,297,340	554,672	11,339	566,011	2,863,351
Office supplies and equipment	18,417	4,708	1,637,388	16,324	1,676,837	773,558	236,494	1,010,052	2,686,889
Communications	163,272	4,512	740,868	16,279	924,931	255,409	736,923	992,332	1,917,263
Travel and meetings	74,003	30,656	1,826,809	80,133	2,011,601	559,134	492,425	1,051,559	3,063,160
Depreciation	-	-	-	-	-	70,712	-	70,712	70,712
Interest	-	-	-	-	-	306,231	-	306,231	306,231
Miscellaneous	43,654	3,022	62,775	2,378	111,829	114,577	355,506	470,083	581,912
Total expenses	<u>\$ 8,818,452</u>	<u>\$ 6,834,006</u>	<u>\$ 170,998,164</u>	<u>\$ 4,198,719</u>	<u>\$ 190,849,341</u>	<u>\$ 21,258,479</u>	<u>\$ 6,888,960</u>	<u>\$ 28,147,439</u>	<u>\$ 218,996,780</u>

See accompanying notes to the financial statements.



CHURCH WORLD SERVICE, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2022

Type of Expense	Global Relief and Development	Emergency Response	Services for Displaced People	Advocacy	Total Program Services	Management and General	Fund- Raising	Total Supporting Services	Total 2022 Expenses
Direct program expenses	\$ 6,385,970	\$ 5,320,462	\$ 87,435,825	\$ 62,171	\$ 99,204,428	\$ -	\$ -	\$ -	\$ 99,204,428
Designated expenditures for other									
U.S. voluntary agencies	200,935	1,339,564	133,957	-	1,674,456	-	-	-	1,674,456
	<u>6,586,905</u>	<u>6,660,026</u>	<u>87,569,782</u>	<u>62,171</u>	<u>100,878,884</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,878,884</u>
Salaries and related costs	1,200,276	1,054,445	21,653,117	2,437,811	26,345,649	6,209,495	3,702,274	9,911,769	36,257,418
Professional fees	349,300	32,954	1,224,803	979,252	2,586,309	1,726,020	1,419,817	3,145,837	5,732,146
Rent and occupancy	99,758	-	1,150,186	117,232	1,367,176	168,253	110,039	278,292	1,645,468
Office supplies and equipment	25,763	9,242	891,988	31,262	958,255	406,809	115,214	522,023	1,480,278
Communications	164,088	1,204	595,390	25,986	786,668	103,796	521,430	625,226	1,411,894
Travel and meetings	22,002	30,601	583,109	111,396	747,108	108,060	252,032	360,092	1,107,200
Depreciation	-	-	-	-	-	35,153	-	35,153	35,153
Miscellaneous	10,251	2,115	63,978	12,274	88,618	265,238	100,862	366,100	454,718
Total expenses	<u>\$ 8,458,343</u>	<u>\$ 7,790,587</u>	<u>\$ 113,732,353</u>	<u>\$ 3,777,384</u>	<u>\$ 133,758,667</u>	<u>\$ 9,022,824</u>	<u>\$ 6,221,668</u>	<u>\$ 15,244,492</u>	<u>\$ 149,003,159</u>

See accompanying notes to the financial statements.

CHURCH WORLD SERVICE, INC.  
STATEMENTS OF CASH FLOWS

	Year Ended June 30,	
	2023	2022
<b>Operating activities</b>		
Change in net assets	\$ 1,440,800	\$ 1,182,905
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	70,712	35,153
Contributions restricted for long-term investment	(235,658)	(5,958)
Noncash lease expense	55,765	-
Net realized and unrealized gain on investments	(1,232,846)	1,943,721
Changes in operating assets and liabilities:		
Contributions receivable	139,413	(261,830)
Split-interest agreement receivables	(156,351)	460,940
Government grants receivable	(8,179,556)	(14,777,225)
Prepaid expenses and other assets	3,374,400	(2,951,106)
Inventories	760,870	124,003
Accounts payable	531,064	13,419,973
Grants payable	53,169	25,823
Accrued liabilities	(139,816)	1,891,715
Postretirement benefit liability	654,549	215,199
Net cash (used in) provided by operating activities	(2,863,485)	1,303,313
<b>Investing activities</b>		
Purchase of land, building and equipment	(135,386)	(807,278)
Purchases of investments, net	(73,590)	(731,233)
Net cash used in investing activities	(208,976)	(1,538,511)
<b>Financing activities</b>		
Contributions restricted for long-term investment	235,658	5,958
Proceeds from debt obligations	5,000,000	-
Repayment of debt obligations	(379,602)	(365,229)
Net cash provided by (used in) financing activities	4,856,056	(359,271)
Net change in cash and cash equivalents	1,783,595	(594,469)
Cash and cash equivalents at beginning of year	3,404,884	3,999,353
Cash and cash equivalents at end of year	\$ 5,188,479	\$ 3,404,884
<b>Supplemental information:</b>		
Interest paid	\$ 306,231	\$ 118,693
ROU assets obtained in exchange for new operating lease liabilities	\$ 8,441,145	\$ -
Cash paid for amounts included in the measurement of lease liabilities	\$ 1,428,661	\$ -

See accompanying notes to the financial statements.

CHURCH WORLD SERVICE, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

1. ORGANIZATION

Church World Service, Inc. (“CWS”) is a not-for-profit, private voluntary, faith-based organization transforming communities around the globe through just and sustainable responses to hunger, poverty, displacement and disaster. CWS seeks to build a better world through positive impacts around global relief and development, emergency response, services to refugees, immigrants and displaced people, and advocacy for issues that build or restore peace and justice.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Net Asset Classifications

CWS classifies its support, revenues, expenses, gains and losses into two classes of net assets based on the existence or absence of donor-imposed restrictions. Net assets of CWS and changes therein are classified as follows:

*Net Assets Without Donor Restrictions* – Net assets that are not subject to donor-imposed restrictions. The net asset without donor restrictions class includes board-designated, trustee, and other resources available to CWS for its operating activities. Net assets without donor restrictions includes a Board-designated endowment (see Notes 11 and 13) and undesignated net assets.

*Net Assets With Donor Restrictions* – Net assets that are subject to donor-imposed restrictions that will be met either by actions of CWS or the passage of time or are to be maintained in perpetuity by CWS. Net assets with donor restrictions include contributions that are due in future periods. Generally, the donor of assets with donor restrictions permit CWS to use all or part of the income earned on related investments for general or specific purposes.

Expirations of restriction on net assets as the result of the passage of time and/or fulfilling donor-imposed stipulations are reported as net assets released from restrictions between applicable classes of net assets in the statements of activities.

Cash and Cash Equivalents

For the purpose of these financial statements, CWS considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

CHURCH WORLD SERVICE, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Investments and Investment Income

CWS records all investments at fair value based on the fair value measurements described in Note 14.

The fair values of equity and debt securities are based on quoted market prices on the last business day of the fiscal year. The fair values of mutual funds are based on published unit values on the last business day of the fiscal year. Investment income, including realized and unrealized gains and losses, is recorded in the appropriate net asset classification based on donor restrictions or the absence thereof.

Concentrations

CWS maintains cash deposits and investments in accounts which, at times, may exceed federally insured limits. Credit risk is managed by maintaining all deposits in financial institutions which management believes are high quality financial institutions and by maintaining diversification of investments, including those held in various securities. Such funds are subject to inherent market fluctuations, which at times, may be significant.

Land, Building, and Equipment

Land, building and equipment are recorded at acquisition cost. Donated property is recorded at estimated fair value at date of donation. Expenditures for normal maintenance and repairs are expensed as incurred. Depreciation of the building is on the straight-line basis over its estimated useful life of 30 years. Depreciation of furniture, equipment, and vehicles is provided on the straight-line basis over their estimated useful lives of five to ten years. Amortization of leasehold improvements is provided over the lives of the respective leases, or the estimated useful lives of the improvements, whichever is shorter.

Contributions

Contributions are considered to be without donor restrictions unless they are received with donor stipulations that limit their use either through purpose or time restrictions. Contributions with donor stipulations that limit their use are considered to be donor restricted until the donor restrictions expire, that is, when a time restriction ends or a purpose restriction is fulfilled. Upon the expiration of donor stipulations, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions received and expended in the same accounting period are classified as without donor restriction support. Unconditional contributions receivable at June 30, 2023, are expected to be collected within one year. An allowance for uncollectible contributions is recorded to reduce contributions receivable to their net realizable value and is determined based on a review of specific risk factors and historical experience.

CHURCH WORLD SERVICE, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Split-Interest Agreements

CWS is the beneficiary of various split-interest agreements from donors. The related assets are controlled and invested by independent third parties. CWS records a receivable and the related contribution income for its share of the assets when formal written or other verifiable documentation is received. CWS's share of the assets is based on the present value of the estimated future distributions to be received by CWS over the term of the agreement.

Contributed Goods and Services

Contributed goods, consisting primarily of kits, food and medical supplies are valued at their estimated fair value at the date of receipt, and are recognized as donated materials in the accompanying statements of activities. Donated materials are expensed from inventory when distributed.

Contributed services are recognized as revenue at their fair value if the services create or enhance nonfinancial assets or require specialized skills and are provided by individuals possessing those skills and typically would have been purchased if not provided by contribution. Contributed services and promises to contribute that do not meet these criteria are not recognized as revenues and are not reported in the accompanying financial statements.

Service Fee Revenue

CWS earns service fees for processing loans for the International Organization for Migration ("IOM") and performing other services for CWS's U.S. locations. These fees are recognized over time as the performance obligation is completed, which is defined as either processing the loan for IOM, or performing immigration services for the U.S. based locations. There are no contract receivables, assets or liabilities at June 30, 2023 and 2022.

U.S. Government Support

Support from U.S. government programs is generally recognized in the period in which expenses are incurred, except for the U.S. Reception and Placement program, which are recognized based on the number of authorized refugees resettled. Government grants receivable reflected in the accompanying statements of financial position represent amounts receivable from various government agencies under resettlement and other programmatic contracts.

Functional Allocation of Expenses

The majority of expenses can generally be directly identified with the program or supporting service to which they relate and are charged accordingly. Other expenses by function are allocated to components of these services based on time allocation factors determined by management.

CHURCH WORLD SERVICE, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Direct Program Expenses

Direct expenses of CWS programs include grants in support of globally affiliated agencies' programs and projects, shipments of donated materials, purchase and land transportation of relief commodities and materials, and costs of refugee resettlement. Resettlement costs include housing, food, transportation, and social services for resettled refugees.

Federal Income Taxes

The Internal Revenue Service has ruled that CWS is a tax-exempt organization as defined under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income taxes has been made in the accompanying financial statements.

CWS accounts for the effect of any uncertain tax positions based on a more likely than not threshold to the recognition of the tax positions being sustained based on the technical merits of the position under examination by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a cumulative probability assessment that aggregates the estimated tax liability for all uncertain tax positions. Tax positions for CWS include, but are not limited to, the tax-exempt status and determination of whether certain income is subject to unrelated business income tax; however, CWS has determined that such tax positions do not result in an uncertainty requiring recognition.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management believes that such estimates have been made based on reasonable assumptions and that such estimates are adequate. Actual results could differ from those estimates.

Fair Value Measurements

Assets and liabilities recorded at fair value on a recurring basis in the accompanying statements of financial position are categorized based on the level of judgment associated with the inputs used to measure their fair value. Level inputs, as defined by Financial Accounting Standards Board Accounting Standards Codification ("ASC") 820, *Fair Value Measurements and Disclosures*, are as follows:

Level 1 - Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

CHURCH WORLD SERVICE, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Level 2 - Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

Level 3 - Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect CWS's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

Leases

CWS adopted FASB Topic 842, *Leases*, using the modified retrospective approach with July 1, 2022, as the date of initial adoption. CWS elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed CWS to carry forward the historical lease classification. As a result of adopting the new standard effective July 1, 2022, CWS recorded operating lease right-of-use assets and operating lease liabilities of \$4,611,410. Adoption of the new standard did not materially impact CWS's changes in net assets and had no impact on beginning net assets or cash flows.

CWS determines whether an arrangement is or contains a lease at lease inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset.

On the commencement date, operating leases are recorded as operating lease right-of-use ("ROU") assets and operating lease liabilities in the statements of financial position. Finance leases are recorded as equipment and finance lease liabilities in the statements of financial position.

ROU assets represent CWS's right to use an underlying asset for the lease term, and lease liabilities represent CWS's contractual obligation to make lease payments. The lease liability is measured as the present value of the lease payments over the lease term using either the rate implicit in the lease, if it is determinable, or CWS's incremental borrowing rate if the implicit rate is not determinable. ROU assets are calculated as the present value of the remaining lease payments plus unamortized initial direct costs and prepayments of rent, less any unamortized lease incentives received. Lease terms may include renewal or extension options to the extent they are reasonably certain to be exercised. For operating leases, lease expense is recognized on a straight-line basis over the lease term. For finance

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

leases, amortization of the asset is recognized on a straight-line basis over the useful life of the underlying asset and interest on the lease liability is recognized over the lease term. CWS has elected not to recognize a ROU asset and lease liability for leases with an initial term of 12 months or less but includes the expense associated with short-term leases in lease expense in the statements of activities.

ROU assets are assessed for impairment in accordance with CWS's long-lived asset policy. Management reassesses lease classification and remeasures ROU assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with ASC 842.

3. SPLIT-INTEREST AGREEMENTS

CWS is the beneficiary of various split-interest agreements, which are administered by the United Methodist Foundation of the Northern Illinois Conference, Inc. and the Presbyterian Foundation. Included in the accompanying statements of financial position as split-interest agreement receivables is the fair value of the receivables based on the present value of CWS's interests in these agreements as follows:

	<u>June 30, 2023</u>		<u>June 30, 2022</u>	
	<u>Market Value</u>	<u>Present Value</u>	<u>Market Value</u>	<u>Present Value</u>
United Methodist Foundation:				
Charitable gift annuities	\$1,294,481	\$ 324,940	\$1,333,479	\$268,924
Charitable remainder unitrusts	954,602	701,252	906,002	600,831
Interest-free loan fund	<u>3,293</u>	<u>2,000</u>	<u>2,959</u>	<u>2,000</u>
	<u>2,252,376</u>	<u>1,028,192</u>	<u>2,242,440</u>	<u>871,755</u>
Presbyterian Foundation:				
Charitable gift annuities	6,463	-	14,550	-
Pooled income funds	<u>3,284</u>	<u>2,660</u>	<u>3,434</u>	<u>2,746</u>
	<u>9,747</u>	<u>2,660</u>	<u>17,984</u>	<u>2,746</u>
Total	<u>\$2,262,123</u>	<u>\$1,030,852</u>	<u>\$2,260,424</u>	<u>\$874,501</u>

The discount rate used in determining the present value of the charitable gift annuities shown above were 2.48% and 1.89% for 2023 and 2022, respectively.



CHURCH WORLD SERVICE, INC.  
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4. INVESTMENTS AND INVESTMENTS HELD BY OTHERS

CWS's investment portfolio, at fair value, consists of:

	June 30,	
	2023	2022
Cash and cash equivalents	\$ 550,241	\$ 267,701
Corporate bonds	485,693	453,967
U.S. government obligations	871,092	817,633
Equity securities	4,363,230	4,584,805
Other equities	389,943	42,265
	<u>\$6,660,199</u>	<u>\$6,166,371</u>

Investments held by others are held by the United Methodist Foundation of the Northern Illinois Conference, Inc. (UMF), Presbyterian Foundation, Ecumenical Trust, Elkhart Co. Community Foundation and the Board of Church Extension of Disciples of Christ, Inc. (BCE).

Investments held by others, at fair value, consist of:

	June 30,	
	2023	2022
UMF - Moderate Funds	\$ 4,170,183	\$ 3,730,980
UMF - Aggressive Funds	3,231,377	2,752,163
UMF - Cash	32,529	208,070
Elkhart Co. Community Foundation Funds	346,978	356,122
Ecumenical Trust - New Covenant Growth Fund	113,287	108,464
Presbyterian Foundation Funds	95,487	95,100
BCE - Certificate of Deposit	2,367,824	2,355,043
DDI, LLC	898,302	837,417
	<u>\$11,255,967</u>	<u>\$10,443,359</u>

The investments held by others are invested by those organizations in mutual funds, U.S. and international equity securities, corporate and international bonds, U.S. government obligations and real assets. The UMF - Moderate Fund consist of approximately 61% equities and 39% fixed income and other. The UMF - Aggressive Fund consists of approximately 87% equities and 13% fixed income and other.

CWS's investments are exposed to various risks including market, interest and credit risk. Due to volatility in the markets for investments, there is a reasonable possibility of changes in fair value and additional gains or losses in the near term and that such changes could materially affect the amounts reported in the financial statements.

CHURCH WORLD SERVICE, INC.  
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5. INVENTORIES

Inventories consist of:

	June 30,	
	2023	2022
Donated materials	\$1,879,272	\$2,723,449
Other materials and supplies	383,107	299,800
	\$2,262,379	\$3,023,249

Donated materials consist of various items, many of which are generated through the CWS Kit Program, including hygiene, school, cleanup, and baby kits. CWS distributes these donated materials to disaster relief sites or other areas in need. The donated material inventory is valued based upon an average cost of the donated item.

Other inventory consists of purchased items, including blankets and toothpaste, which are recorded at the net realizable value using the first-in, first-out method.

6. LAND, BUILDING, AND EQUIPMENT

Land, building, and equipment, net, consist of:

	June 30,	
	2023	2022
Furniture and equipment	\$ 4,991,079	\$ 4,958,899
Building and leasehold improvements	2,496,377	2,393,171
Land	7,137	7,137
	7,494,593	7,359,207
Less accumulated depreciation	(6,627,971)	(6,557,259)
Land, building, and equipment, net	\$ 866,622	\$ 801,948

7. DUE TO OTHER U.S. VOLUNTARY AGENCIES

CWS, through CROP Hunger events, can elect to allocate a percentage of the funds raised to support agencies and activities directly involved in local hunger programs. CROP Hunger event donors can also designate funds for other U.S. agencies involved in international development work. CWS recognizes grant expenses for these programs when the related grants or designations are approved.

CHURCH WORLD SERVICE, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

8. DEBT OBLIGATIONS

CWS entered into a line-of-credit agreement with the CIBC Bank in November 2022. Availability under the line-of-credit is \$4,000,000. Interest is payable on the amount outstanding at a variable rate equal Wall Street Journal prime lending rate (8.25% at June 30, 2023) on a monthly basis. There were no amounts outstanding on the line of credit on June 30, 2023. The line expires on November 2024 and is secured by investments held by BCE.

CWS entered into a line-of-credit agreement with the Board of Church Extension of Disciples of Christ in May 2016. Availability under the line-of-credit is \$2,000,000 for 2021 and increased to \$5,000,000 in 2022. Interest is payable on the amount outstanding at a variable rate equal to 1.00% over the Wall Street Journal prime lending rate (5.75% and 5.75% at June 30, 2023 and 2022, respectively) on a monthly basis. There were no amounts outstanding on the line of credit on June 30, 2023 and 2022. The line expires on January 1, 2024 and is secured by investments held by BCE.

CWS also has a line-of-credit with a financial institution, which renews annually and terminates on December 31, 2023. Interest is payable on the amount outstanding at a variable rate equal to the prime lending rate plus 1% (9.75% and 5.75% for years ending June 30, 2023 and 2022, respectively). The line-of-credit is secured by substantially all assets, excluding real estate and restricted net assets. The availability under the line-of-credit was \$2,000,000 during fiscal years 2023 and 2022. There were no amounts outstanding on the line-of-credit at June 30, 2023 and 2022.

In February of 2023 CWS entered into a long-term debt agreement with United Methodist Committee on Relief of Global Ministries, with a principal amount of \$5,000,000 bearing interest at a fixed rate of 4.00%. Interest and principal payments of \$92,083 are paid at the end of each month until the maturity of the loan in January 2028. The outstanding balance as of June 30, 2023 was \$4,620,398.

Maturities of long term debt for the next five years are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 937,234
2025	975,419
2026	1,015,159
2027	1,056,518
2028	<u>636,068</u>
Total	<u>\$4,620,398</u>

Interest expense recognized related to the above notes payable was \$80,811 during the year ended June 30, 2023.

CHURCH WORLD SERVICE, INC.  
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9. POSTRETIREMENT BENEFIT LIABILITY AND PENSION BENEFITS

CWS provides certain healthcare benefits for retired employees. Employees hired prior to January 1, 2000, with at least five years of participation in CWS's health retirement plan are eligible for postretirement benefits upon reaching a normal retirement age of 62. Employees between the ages of 55 and 62 who were granted early retirement, have completed 15 consecutive years of service, and have at least 5 years of participation in CWS's health insurance program are also eligible for postretirement benefits. Employees hired on January 1, 2000, and thereafter are not eligible for postretirement healthcare benefits.

The status of the postretirement healthcare plan at June 30, 2023 and 2022, was as follows:

	<u>2023</u>	<u>2022</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 2,863,955	\$ 2,648,756
Service cost	2,856	18,801
Interest cost	105,226	47,584
Actuarial losses (gains)	862,578	453,555
Actual benefit disbursements	<u>( 316,111)</u>	<u>( 304,741)</u>
Benefit obligation at the end of year	<u>\$ 3,518,504</u>	<u>\$ 2,863,955</u>
Change in plan assets:		
Fair value of plan asset at beginning of year	\$ -	\$ -
Contributions	316,111	304,741
Actual benefit disbursements	<u>( 316,111)</u>	<u>( 304,741)</u>
Fair value of plan assets at end of year	<u>\$ -</u>	<u>\$ -</u>
Funded status:		
Benefit obligation	<u>\$3,518,504</u>	<u>\$2,863,955</u>
Net postretirement benefit liability recognized in statement of financial position	<u>\$3,518,504</u>	<u>\$2,863,955</u>

The net periodic postretirement benefit costs represent the actuarial present value of projected future benefits attributable to employee service rendered during the years ended June 30, 2023 and 2022, respectively.

CHURCH WORLD SERVICE, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

9. POSTRETIREMENT BENEFIT LIABILITY AND PENSION BENEFITS - Continued

Components of the net periodic postretirement benefit cost are as follows:

	Year Ended June 30,	
	2023	2022
Service cost	\$ 2,856	\$ 18,801
Interest cost	105,226	47,584
Amortization of net loss	-	(69,655)
Net periodic benefit cost at end of year	\$108,082	\$( 3,270)

Expected benefit payments for the five fiscal years after fiscal year 2023 and the subsequent five fiscal years in aggregate are as follows:

<u>Year Ended</u>	<u>Amounts</u>
2024	\$324,560
2025	337,339
2026	319,567
2027	328,510
2028	324,907
2029 - 2033	1,292,048

Contributions to fund future benefits payable under the retiree healthcare plan are expected in the amount of \$324,560 in fiscal 2024. CWS expects to continue to pay postretirement benefits under the plan as they are incurred.

The following significant actuarial methods and assumptions were used in the July 1, 2023, actuarial valuation, the most recent valuation date:

Actuarial valuation method	Projected unit credit method
Discount rate	4.83%
Healthcare cost trend rate	6.25% graded down uniformly to 5.20% over 2 years
Mortality	PRI-2012 White Collar Mortality Table with generational mortality improvement using the MP-2021 projection scale
Retirement rates	Varying rates beginning with 2% at age 55 to 100% retirement at age 70

The effect of a 1% increase in the healthcare cost trend rate would increase the postretirement benefit obligation to \$3,690,596 as of June 30, 2023.

CHURCH WORLD SERVICE, INC.  
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9. POSTRETIREMENT BENEFIT LIABILITY AND PENSION BENEFITS - Continued

Pension Plan

CWS sponsors a defined-contribution retirement plan covering substantially all employees. Effective January 1, 2020, CWS merged the Defined Contribution Retirement Plan and the Tax Deferred Annuity Plan into one restated defined contribution plan and transferred assets as of the merger date. The restated plan maintains the primary provisions of each plan as described in Note A of the Plan's financial statements.

Participants may elect to make contributions through pre-tax payroll and Roth withholdings, as defined in the Plan Agreement, within IRS limits (maximum of \$20,500 for 2021). There are additional catch-up contributions that are available to participants that meet certain requirements. Individuals age 50 or over, are eligible for an additional catch-up contribution up to \$6,500. If a participant has worked at least 15 years for the employer, and the employer is a qualified organization, the participant may make special 403(b) catch-up contributions up to certain limits.

The employer contributions, and limit on the amount of such contributions made to the Plan are determined by CWS. Contribution rates as a percentage of salary are as follows:

Non-Ordained Employees:	
Employees with less than 5 years of service	5%
Employees with 5 years to less than 15 years of service	7%
Employees with 15 or more years of service	9%
Ordained Employees:	
Employees with less than 5 years of service	12.65%
Employees with 5 years to less than 15 years of service	14.65%
Employees with 15 or more years of service	16.65%

Contributions to the retirement plan during the years ended June 30, 2023 and 2022, were \$1,772,770 and \$1,153,722 respectively.

CHURCH WORLD SERVICE, INC.  
NOTES TO FINANCIAL STATEMENTS  
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10. LEASES

CWS leases office space under operating leases expiring in various years through fiscal 2029. No renewal options are provided for in the operating leases. In the normal course of business, operating leases are generally renewed or replaced by other leases.

The components of lease expense for June 30, 2023 are as follows:

Operating lease expense	<u>\$1,562,253</u>
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Additional supplemental information regarding assumptions for operating leases is as follows for June 30, 2023:

Weighted-average remaining lease term (years)	
Operating leases	4.95
Weighted-average discount rate	
Operating leases	5.00%

As of June 30, 2023, the maturity of the operating lease liabilities is as follows:

<u>Maturity</u>	<u>Operating</u>
2024	\$ 1,920,190
2025	1,931,605
2026	1,649,516
2027	1,119,409
2028	914,563
2027	<u>668,329</u>
Total undiscounted cash flows	8,203,612
Less: present value discount	<u>( 888,903)</u>
Total operating lease liabilities	<u>\$ 7,314,709</u>

11. NET ASSETS WITHOUT DONOR RESTRICTIONS

The Organization's Governing Board has designated, from net assets without donor restrictions, \$2,139,491 and \$1,916,960 at June 30, 2023 and 2022, respectively, for the endowment.

CHURCH WORLD SERVICE, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2023 and 2022 are available for the following purposes:

	<u>Year Ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Time restriction		
Split interest receivables	\$ 1,030,852	\$ 874,501
Purposes:		
Emergency response	2,776,217	2,830,349
Global relief and development	1,478,889	870,085
Advocacy	60,926	94,898
Services to displaced people	4,985,641	4,988,677
Investment in perpetuity, the income of which is expendable to support the endowment fund; emergency relief, refugee assistance, hunger relief, self-development	<u>4,304,309</u>	<u>4,359,336</u>
Total	<u>\$14,636,834</u>	<u>\$14,017,846</u>

Net Assets Released from Donor Restrictions

Net assets released from donor restrictions are as follows:

	<u>June 30,</u>	
	<u>2023</u>	<u>2022</u>
Purpose:		
Emergency response	\$ 899,879	\$1,047,575
Global relief and development	648,328	1,090,684
Advocacy	16,695	20,792
Services to displaced people	<u>4,008,405</u>	<u>3,296,139</u>
	<u>\$5,573,307</u>	<u>\$5,455,190</u>

13. ENDOWMENT

CWS's endowment consists of individual funds established generally to support the self-help development, emergency relief, refugee assistance and hunger relief programs of CWS. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by U.S. Generally Accepted Accounting Principles ("GAAP"), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.



CHURCH WORLD SERVICE, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

13. ENDOWMENT - Continued

Interpretation of Relevant Law

The Board of Directors has interpreted the applicable state law as requiring the preservation of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, CWS classifies as net assets with donor restrictions: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Endowment net asset composition by type of fund as of June 30, 2023 and 2022, is as follows:

	<u>2023</u>		
	<u>Without Donor Restricted</u>	<u>With Donor Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$1,728,054	\$4,304,309	\$6,032,363
Board-designated endowment funds	<u>2,139,491</u>	<u>-</u>	<u>2,139,491</u>
Total funds	<u>\$3,867,545</u>	<u>\$4,304,309</u>	<u>\$8,171,854</u>
	<u>2022</u>		
	<u>Without Donor Restricted</u>	<u>With Donor Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$1,182,403	\$4,359,336	\$5,541,739
Board-designated endowment funds	<u>1,916,960</u>	<u>-</u>	<u>1,916,960</u>
Total funds	<u>\$3,099,363</u>	<u>\$4,359,336</u>	<u>\$7,458,699</u>

Changes in endowment net assets for the years ended June 30, 2023 and 2022, is as follows:

	<u>2023</u>		
	<u>Without Donor Restricted</u>	<u>With Donor Restricted</u>	<u>Total</u>
Beginning of year	\$ 3,099,363	\$ 4,359,336	\$ 7,458,699
Contributions	20,833	235,658	256,491
Investment return, net	973,127	-	973,127
Appropriation of endowment assets for expenditure	( 242,625)	-	( 242,625)
Other changes, net	<u>16,847</u>	<u>( 290,685)</u>	<u>( 273,838)</u>
	<u>\$ 3,867,545</u>	<u>\$ 4,304,309</u>	<u>\$ 8,171,854</u>

CHURCH WORLD SERVICE, INC.  
NOTES TO FINANCIAL STATEMENTS  
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13. ENDOWMENT - Continued

	2022		
	Without Donor Restricted	With Donor Restricted	Total
Beginning of year	\$ 3,846,150	\$4,241,860	\$ 8,088,010
Contributions	418,276	5,958	424,234
Investment return, net	(1,084,091)	-	(1,084,091)
Appropriation of endowment assets for expenditure	( 189,182)	-	( 189,182)
Other changes, net	108,210	111,518	219,728
	<u>\$ 3,099,363</u>	<u>\$4,359,336</u>	<u>\$ 7,458,699</u>

Underwater Endowment Funds

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or the applicable state law requires CWS to retain as a fund of perpetual duration. CWS has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no underwater endowments as of June 30, 2023 and 2022.

Return Objectives and Risk Parameters

CWS has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that CWS must hold in perpetuity as well as Board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are held by third parties who invest the assets in a manner that is intended to produce results that exceed the price and yield results of respective industry benchmarks while assuming a moderate level of investment risk. CWS expects its endowment funds, over time, to provide an average rate of return between 6 - 8 percent annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, CWS relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). CWS targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

CHURCH WORLD SERVICE, INC.  
NOTES TO FINANCIAL STATEMENTS  
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13. ENDOWMENT - Continued

Spending Policy and How the Investment Objectives Relate to Spending Policy

CWS has no formal spending policy; however, CWS generally expends all investment earnings and realized gains it receives on program activities. The income earned from permanently restricted endowment funds can generally be used for the broad purposes of CWS's mission and is therefore, generally unrestricted. Distributions are made at the discretion of the Board of Directors when determining the annual budget. CWS considers the long-term expected return on its endowment. Accordingly, over the long term, CWS expects the current spending policy to allow its endowment to grow at an average of between 1 - 3 percent annually. This is consistent with the CWS objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

Disclosures concerning the estimated fair value of financial instruments are presented below. The estimated fair value amounts have been determined based on CWS's assessment of available market information and appropriate valuation methodologies. The following table summarizes required fair value disclosures and measurements at June 30, 2023 and 2022 for the assets measured at fair value on a recurring basis under ASC 820, *Fair Value Measurements and Disclosures*:

	Assets Measured at <u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>2023:</u>				
Split-interest agreement receivables	<u>\$1,030,852</u>	\$ -	\$ -	<u>\$ 1,030,852</u>
Investments:				
Equity securities	\$4,363,230	\$4,363,230	\$ -	\$ -
Other equities	389,943	389,943	-	-
U.S. government obligations	871,092	871,092	-	-
Corporate bonds	485,693	-	485,693	-
Cash and equivalents	<u>550,241</u>	<u>550,241</u>	-	-
Total investments	<u>\$6,660,199</u>	<u>\$6,174,506</u>	<u>\$485,693</u>	<u>\$ -</u>

CHURCH WORLD SERVICE, INC.  
NOTES TO FINANCIAL STATEMENTS  
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14. FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

	<u>Measured at Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments held by others:				
Pooled funds:				
Cash and cash equivalents	\$ 60,241	\$ 60,241	\$ -	\$ -
Equities	5,473,663	5,473,663	-	-
Real estate	13,879	-	13,879	-
Corporate bonds	2,442,058	-	2,442,058	-
Other	<u>898,302</u>	<u>-</u>	<u>-</u>	<u>898,302</u>
Total pooled funds	8,888,143	5,533,904	2,455,937	898,302
Certificate of deposit	<u>2,367,824</u>	<u>2,367,824</u>	<u>-</u>	<u>-</u>
Total investments held by others	<u>\$11,255,967</u>	<u>\$7,901,728</u>	<u>\$2,455,937</u>	<u>\$898,302</u>
	<u>Measured at Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>2022:</u>				
Split-interest agreement receivables	<u>\$ 874,501</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$874,501</u>
Investments:				
Equity securities	\$ 4,584,805	\$4,584,805	\$ -	\$ -
Other equities	42,265	42,265	-	-
U.S. government obligations	817,633	817,633	-	-
Corporate bonds	453,967	-	453,967	-
Cash and equivalents	<u>267,701</u>	<u>267,701</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$ 6,166,371</u>	<u>\$5,712,404</u>	<u>\$453,967</u>	<u>\$ -</u>
Investments held by others:				
Pooled funds:				
Cash and cash equivalents	\$ 232,795	\$ 232,795	\$ -	\$ -
Equities	4,846,096	4,846,096	-	-
Real estate	14,245	-	14,245	-
Corporate bonds	2,157,763	-	2,157,763	-
Other	<u>837,417</u>	<u>-</u>	<u>-</u>	<u>837,417</u>
Total pooled funds	8,088,316	5,078,891	2,172,008	837,417
Certificate of deposit	<u>2,355,043</u>	<u>2,355,043</u>	<u>-</u>	<u>-</u>
Total investments held by others	<u>\$10,443,359</u>	<u>\$7,433,934</u>	<u>\$2,172,008</u>	<u>\$837,417</u>

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14. FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

The fair value of split-interest agreement receivables is measured based on present value techniques. Significant assumptions used in the calculations as of June 30, 2023 and 2022 are as follows:

	2023	2022
Gift value	Market value	Market value
Net return on investment assets:	2.48%	3.50%
Life expectancy:	2012 mortality tables	2012 mortality tables
Discount rate:	4.25%	1.89%

The following table sets forth a summary of transfers, purchases and issuances of the CWS's Level 3 assets for the year ended June 30, 2023 and 2022:

	2023	2022
Purchases	\$ -	\$ -
Issuances	(168,318)	(353,409)

There were no transfers of Level 3 investments during fiscal year 2023 or 2022.

15. GOVERNMENT GRANTS

CWS receives funding under grants and contracts with governmental agencies. In accordance with the terms of certain government contracts, the records of CWS are subject to audit for varying periods after the final date of the contracts. If any expenditures are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of CWS. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

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16. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30, 2023 and 2022:

	June 30,	
	2023	2022
Financial assets at year-end:		
Cash and cash equivalents	\$ 5,188,479	\$ 3,404,884
Contributions receivable, net	371,745	511,158
Government grants receivable	28,728,374	20,548,818
Investments	6,660,199	6,166,371
Investments held by others	11,255,967	10,443,359
Split interest receivables	1,030,852	874,501
	<u>\$53,235,616</u>	<u>\$41,949,091</u>
Less assets unavailable for general expenditures within one year:		
Subject to donor purpose or time restrictions	\$10,368,974	\$ 9,658,510
Designated by the Board for endowment	1,916,960	1,916,960
Donor restricted endowment funds held in perpetuity	4,304,309	4,359,336
Financial assets not available to be used within one year	<u>16,590,243</u>	<u>15,934,806</u>
Financial assets available to meet needs for general expenditures within one year	<u>\$36,645,373</u>	<u>\$26,014,285</u>

CWS is substantially supported by grants, and unrestricted and restricted contributions. Because a grantor or donor's restriction requires resources to be used in a particular manner or in a future period, CWS must maintain sufficient resources to meet those responsibilities to its grantors and donors. Thus, financial assets may not be available for general expenditure within one year. As part of CWS's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In the event of an unanticipated liquidity need, CWS also could draw upon \$7,000,000 of available lines of credit (see Note 8) or its quasi-endowment fund, if the Board deems the fund be made available for general expenditure.

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17. CONTINGENCIES

CWS may become involved in litigation from time to time, in the normal course of operations. It is not possible to state the ultimate liability, if any, in these matters. In the opinion of management, the resulting liability, if any, from these actions will not have a material adverse effect on the financial position of CWS.

18. SUBSEQUENT EVENTS

CWS has evaluated subsequent events through February 14, 2024, the date the financial statements were available for issuance, and has determined that there are no subsequent events that require disclosure.