

Financial Statements and Report of  
Independent Certified Public  
Accountants

**Church World Service, Inc.**

June 30, 2025

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

To the Board of Directors  
Church World Service, Inc.

**Report on the audit of the financial statements****Opinion**

We have audited the financial statements of Church World Service, Inc. ("CWS"), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CWS as of June 30, 2025, and the changes in its 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 of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CWS and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of management for the financial statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CWS's ability to continue as a going concern for one year after the date 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 US GAAS and *Government 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 US GAAS and *Government 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 CWS'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 CWS'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.

### **Other reporting required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2026 on our consideration of CWS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of CWS's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CWS's internal control over financial reporting and compliance.



Chicago, Illinois  
January 27, 2026

Church World Service, Inc.

STATEMENT OF FINANCIAL POSITION

June 30, 2025

**ASSETS**

Cash and cash equivalents	\$ 18,778,901
Contributions receivable, less allowances for uncollectible contributions (\$5,000 in 2025)	1,213,777
Government grants receivable	24,160,547
Prepaid expenses and other assets	3,548,849
Inventories	2,340,801
Investments	8,147,368
Investments held by others	12,996,223
Split-interest agreement receivables	1,191,146
Right-of-use assets - operating lease	3,861,274
Land, building, and equipment, net	193,124
	<hr/>
Total assets	<u><u>\$ 76,432,010</u></u>

**LIABILITIES AND NET ASSETS**

**Liabilities**

Accounts payable	\$ 9,734,306
Grants payable	9,536
Accrued liabilities	
Other	3,463,084
Contingent liability	4,950,413
Debt obligations	7,477,164
Refundable advance	1,961,583
Operating lease liabilities	3,870,766
Postretirement benefit liability	3,091,122
	<hr/>
Total current liabilities	<u>34,557,974</u>

**Net assets**

Without donor restrictions	21,335,704
With donor restrictions	20,538,332
	<hr/>
Total net assets	<u>41,874,036</u>
	<hr/>
Total liabilities and net assets	<u><u>\$ 76,432,010</u></u>

The accompanying notes are an integral part of this financial statement.

Church World Service, Inc.

STATEMENT OF ACTIVITIES

Year ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support, revenues, gains and other income</b>			
Support			
Contributions - member communions and related other organizations	\$ 2,864,149	\$ 2,980,771	\$ 5,844,920
Contributions - public and community appeals	13,701,738	8,082,783	21,784,521
Government programs	246,658,132	-	246,658,132
Donated materials	1,375,687	-	1,375,687
Revenues and gains			
Service fees	2,719,298	-	2,719,298
Investment return, net	730,674	-	730,674
Other income	750,974	-	750,974
Net assets released from restrictions	5,671,825	(5,671,825)	-
Total support, revenues, gains and other income	274,472,477	5,391,729	279,864,206
<b>Expenses</b>			
Program services			
Global relief and development	5,599,068	-	5,599,068
Emergency response	5,607,851	-	5,607,851
Services for displaced people	221,959,650	-	221,959,650
Advocacy	2,717,230	-	2,717,230
Total program services	235,883,799	-	235,883,799
Supporting services			
Management and general	32,668,553	-	32,668,553
Fundraising	5,534,595	-	5,534,595
Total supporting services	38,203,148	-	38,203,148
Total expenses	274,086,947	-	274,086,947
Change in net assets from operations	385,530	5,391,729	5,777,259
<b>Nonoperating activities</b>			
Investment return, net	1,052,916	-	1,052,916
Endowment contributions	-	367,277	367,277
Other changes, net	-	(1,095)	(1,095)
Change in net assets from nonoperating activities	1,052,916	366,182	1,419,098
<b>CHANGE IN NET ASSETS</b>	1,438,446	5,757,911	7,196,357
<b>Net assets at beginning of year</b>	19,897,258	14,780,421	34,677,679
<b>Net assets at end of year</b>	\$ 21,335,704	\$ 20,538,332	\$ 41,874,036

The accompanying notes are an integral part of this financial statement.

Church World Service, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2025

Type of Expense	Global Relief and Development	Emergency Response	Services for Displaced People	Advocacy	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2025 Expenses
Direct program expenses	\$ 2,759,779	\$ 3,239,234	\$ 126,673,745	\$ 218,543	\$ 132,891,301	\$ -	\$ -	\$ -	\$ 132,891,301
Designated expenditures for other U.S. voluntary agencies	160,500	1,203,750	160,500	80,250	1,605,000	-	-	-	1,605,000
	2,920,279	4,442,984	126,834,245	298,793	134,496,301	-	-	-	134,496,301
Salaries and related costs	1,875,993	650,822	78,643,887	2,114,740	83,285,442	19,242,722	3,650,760	22,893,482	106,178,924
Professional fees	263,010	187,257	5,600,541	169,755	6,220,563	8,094,005	1,145,664	9,239,669	15,460,232
Rent and occupancy	46,158	91,989	4,130,032	19,396	4,287,575	977,099	300	977,399	5,264,974
Office supplies and equipment	229,785	35,717	2,537,948	18,929	2,822,379	1,840,881	74,541	1,915,422	4,737,801
Communications	23,384	97,984	1,089,845	23,368	1,234,581	489,424	323,117	812,541	2,047,122
Travel and meetings	194,372	95,919	2,398,919	65,152	2,754,362	717,687	295,507	1,013,194	3,767,556
Depreciation	1,074	-	-	-	1,074	630,714	-	630,714	631,788
Interest	-	-	-	-	-	625,485	-	625,485	625,485
Miscellaneous	45,013	5,179	724,233	7,097	781,522	50,536	44,706	95,242	876,764
Total expenses	<u>\$ 5,599,068</u>	<u>\$ 5,607,851</u>	<u>\$ 221,959,650</u>	<u>\$ 2,717,230</u>	<u>\$ 235,883,799</u>	<u>\$ 32,668,553</u>	<u>\$ 5,534,595</u>	<u>\$ 38,203,148</u>	<u>\$ 274,086,947</u>

The accompanying notes are an integral part of this financial statement.

**Church World Service, Inc.**

**STATEMENT OF CASH FLOWS**

**Year ended June 30, 2025**

**Cash flows from operating activities**

Change in net assets	\$ 7,196,357
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	631,788
Contributions restricted for long-term investment	(367,277)
Net realized and unrealized gain on investments	(1,418,596)
Changes in operating assets and liabilities:	
Contributions receivable	(168,538)
Government grants receivable	5,431,982
Prepaid expenses and other assets	5,051,805
Inventories	153,596
Split-interest agreement receivables	(80,900)
Right-of-use assets - operating lease	1,337,162
Accounts payable	(12,553,981)
Grants payable	9,536
Accrued liabilities	3,641,764
Refundable advance	1,961,583
Operating lease liabilities	(1,411,452)
Postretirement benefit liability	(141,312)
	<u>9,273,517</u>
Net cash provided by operating activities	<u>9,273,517</u>

**Cash flows from investing activities**

Purchase of land, building and equipment	(34,051)
Sales of investments	543,682
Purchases of investments	(689,954)
	<u>(180,323)</u>
Net cash used in investing activities	<u>(180,323)</u>

**Cash flows from financing activities**

Contributions restricted for long-term investment	367,277
Proceeds from debt obligations	1,000,000
Repayment of debt obligations	(2,206,000)
	<u>(838,723)</u>
Net cash used in by financing activities	<u>(838,723)</u>

**NET CHANGE IN CASH AND CASH EQUIVALENTS**

8,254,471

**Cash and cash equivalents at beginning of year**

10,524,430

**Cash and cash equivalents at end of year**

\$ 18,778,901

**Supplemental information**

Interest paid	<u>\$ 625,485</u>
Right-of-use assets obtained in exchange for new operating lease liabilities	<u>\$ 1,706,806</u>
Cash paid for amounts included in the measurement of lease liabilities	<u><u>\$ 2,602,768</u></u>

The accompanying notes are an integral part of this financial statement.



**Church World Service, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2025**

**NOTE 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.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Accounting***

The accompanying financial statements are presented in accordance with the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), whereby support and revenue are recognized when earned and expenses are recognized when incurred.

***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. 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 statement 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.

***Investments and Investment Income***

CWS records investment purchases at cost, or if donated at fair value on the date of the donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return is reported in the appropriate net asset classification based on donor restrictions or the absence thereof in the statement of activities. Net investment return consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. Interest and dividend income is recognized when earned.

**Church World Service, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025**

***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. CWS had approximately \$4,564,114 million of cash and cash equivalents held at financial institutions in foreign countries at June 30, 2025.

***Land, Building and Equipment***

Land, building and equipment over \$10,000 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 10 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, 2025 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.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

***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; are recognized as donated materials in the accompanying statement 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.

**Church World Service, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025**

***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, 2025.

***U.S. Government Support***

CWS recognizes support from U.S. government programs as either contributions or exchange transactions revenues, depending on whether the transaction is reciprocal or nonreciprocal. For contributions, revenue is recognized when a contribution becomes unconditional. Typically, grant agreements contain a right of return or right of release from the respective obligation provision on the part of the grantor, and CWS has limited discretion over how the funds transferred should be spent. As such, CWS recognizes revenue for these conditional contributions when the barrier to entitlement has been overcome, which is generally in the period in which allowable expenses are incurred, except for the U.S. Reception and Placement program, which are recognized based on the number of authorized refugees resettled.

Amounts reported as grants receivable, within the accompanying statement of financial position, represent expenses incurred in advance of the receipt of funds from various government agencies under resettlement and other programmatic contracts. Funds received in advance of conditions being met are reported as amounts due to government in the statement of financial position.

At June 30, 2025, CWS has conditional contributions associated with the various federal grant awards totaling \$181,418,868 which may be recognized as revenue as grant expenditures are incurred in the future.

***Functional Allocation of Expenses***

The costs of program and supporting services activities have been summarized on a functional basis in the statement of functional expenses. The majority of expenses can generally be directly identified with the program or supporting service to which they relate and are charged accordingly. Rent and occupancy, informational technology costs, office supplies and certain professional fees expenses are allocated to the various functions benefited based on time allocation factors determined by management.

***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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

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 U.S. GAAP 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 statement 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.
- 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 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 statement of financial position. Finance leases are recorded as equipment and finance lease liabilities in the statement 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 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

**Church World Service, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025**

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 statement 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.

**NOTE 3 - SPLIT-INTEREST AGREEMENTS**

CWS is the beneficiary of various split-interest agreements, which are administered by the Midwest Methodist Foundation. and the Presbyterian Foundation. Included in the accompanying statement 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 as of June 30, 2025:

	<u>Market Value</u>	<u>Present Value</u>
Midwest Methodist Foundation		
Charitable gift annuities	\$ 1,034,532	\$ 344,221
Charitable remainder unitrusts	1,065,536	842,247
Interest-free loan fund	3,967	2,000
	<u>2,104,035</u>	<u>1,188,468</u>
Presbyterian Foundation		
Pooled income funds	<u>3,229</u>	<u>2,677</u>
Total	<u>\$ 2,107,264</u>	<u>\$ 1,191,146</u>

The discount rate used in determining the present value of the charitable gift annuities shown above were 2.88% and 3.13% for 2025.

**NOTE 4 - INVESTMENTS AND INVESTMENTS HELD BY OTHERS**

CWS's investment portfolio, at fair value, consists of the following as of June 30, 2025:

Cash and cash equivalents	\$ 106,711
Corporate bonds	1,053,627
U.S. government obligations	905,774
Equity securities	5,875,021
Exchange traded funds (ETFs)	<u>206,235</u>
	<u>\$ 8,147,368</u>

Investments held by others are held by the Midwest Methodist Foundation/Methodist Foundation of the Northern Illinois Conference, Inc. ("UMF"), Presbyterian Foundation, Ecumenical Trust, Elkhart Co. Community Foundation and the Disciples Church Extension Fund ("DCEF").

**Church World Service, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025**

Investments held by others, at fair value, consist of the following as of June 30, 2025:

MMF/UMF- Moderate Funds	\$ 4,970,675
MMF/UMF - Aggressive Funds	3,905,531
Elkhart Co. Community Foundation Funds	465,705
Ecumenical Trust - New Covenant Growth Fund	133,317
Presbyterian Foundation Funds	106,791
DCEF - Certificate of Deposit	2,463,967
DDI, LLC	<u>950,237</u>
	<u>\$ 12,996,223</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 consists of approximately 60% equities and 40% fixed income and other. The UMF - Aggressive Fund consists of approximately 86% equities and 14% 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.

**NOTE 5 - INVENTORIES**

Inventories consist of as of June 30, 2025:

Donated materials	\$ 1,995,137
Other materials and supplies	<u>345,664</u>
	<u>\$ 2,340,801</u>

Donated materials consist of various items, many of which are generated through the CWS Kit Program, including hygiene and school kits, clean-up buckets, and period packs. 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.

Church World Service, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

**NOTE 6 - LAND, BUILDING, AND EQUIPMENT**

Land, building, and equipment, net, consist of the following as of June 30, 2025:

Furniture and equipment	\$ 5,023,693
Building and leasehold improvements	2,496,377
Land	<u>7,137</u>
	7,527,207
Less: accumulated depreciation	<u>(7,334,083)</u>
Land, building, and equipment, net	<u>\$ 193,124</u>

**NOTE 7 - DEBT OBLIGATIONS**

CWS entered into an open line-of-credit agreement with the CIBC Bank in January 2025. Availability under the line-of-credit is \$5,000,000. Interest is payable on the amount outstanding at a variable rate equal to the Wall Street Journal prime lending rate plus .5% (7.50% at June 30, 2025) on a monthly basis. There were no amounts outstanding on the line of credit on June 30, 2025. The line is secured by investments held by CIBC.

CWS entered into a line-of-credit agreement with the Board of Church Extension of Disciples of Christ, now the Disciples Church Extension Fund, 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 (4.84% at June 30, 2025) on a monthly basis. There were no amounts outstanding on the line of credit on June 30, 2025. The line expires on January 1, 2026 and is secured by investments held by the Disciples Church Extension Fund.

CWS also has a line-of-credit with a financial institution, which as of January 27, 2025 is an on-demand agreement. Interest is payable on the amount outstanding at a variable rate no more than the prime lending rate plus 1% (7.50% at June 30, 2025). 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 year 2025. There was no amount outstanding on the line-of-credit at June 30, 2025.

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, 2025 was \$2,707,745.

In June of 2024, 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 5.00%. Interest and principal payments of \$94,356 are paid at the end of each month until the maturity of the loan in June 2029. The outstanding balance as of June 30, 2025 was \$4,097,224.

In April 2025, CWS entered into a one-year debt agreement with the United Church of Christ, with a principal amount of \$1,000,000 bearing interest at a fixed rate of 5.00%. Interest and principal payments of \$85,607 are paid at the beginning of each month until the maturity of the loan in March 2026. The outstanding balance as of June 30, 2025 was \$672,195.

**Church World Service, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025**

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ 2,636,318
2027	2,054,032
2028	1,684,313
2029	<u>1,102,501</u>
Total	<u>\$ 7,477,164</u>

Interest expense recognized related to the above notes payable was \$373,696 during the year ended June 30, 2025.

**NOTE 8 - 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 five 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, 2025 was as follows:

Change in benefit obligation	
Benefit obligation at beginning of year	\$ 3,232,434
Service cost	-
Interest cost	149,713
Actuarial (gains) losses	62,313
Actual benefit disbursements	<u>(353,338)</u>
Benefit obligation at the end of year	<u>\$ 3,091,122</u>
Change in plan assets	
Fair value of plan asset at beginning of year	\$ -
Contributions	353,338
Actual benefit disbursements	<u>(353,338)</u>
Fair value of plan assets at end of year	<u>\$ -</u>
Funded status	
Benefit obligation	<u>\$ 3,091,122</u>
Net postretirement benefit liability recognized in statement of financial position	<u>\$ 3,091,122</u>

The net periodic postretirement benefit costs represent the actuarial present value of projected future benefits attributable to employee service rendered during the year ended June 30, 2025.



**Church World Service, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025**

Components of the net periodic postretirement benefit cost are as follows for the year ended 2025:

Service cost	\$ -
Interest cost	149,713
Amortization of net loss	46,459
	<hr/>
Net periodic benefit cost at end of year	\$ 196,172
	<hr/>

Expected benefit payments for the five fiscal years after fiscal year 2025 and the subsequent five fiscal years in aggregate are as follows:

<u>Year Ending June 30</u>	<u>Amounts</u>
2026	\$ 331,063
2027	317,303
2028	310,964
2029	280,654
2030	260,092
2031 - 2035	1,147,778

Contributions to fund future benefits payable under the retiree healthcare plan are expected in the amount of \$331,063 in fiscal 2026. 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, 2025, actuarial valuation, the most recent valuation date:

Actuarial valuation method	Projected unit credit method
Discount rate	5.11%
Healthcare cost trend rate	7.5% graded down uniformly to 6.6% over 3 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 and 1% decrease in the healthcare cost trend rate would increase and decrease the postretirement benefit obligation to \$3,253,705 and \$2,943,428, respectively as of June 30, 2025.

***Defined Contribution 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 \$23,500 for 2025). 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 \$7,500. 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.

**Church World Service, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025**

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 year ended June 30, 2025 were \$3,509,636.

**NOTE 9 - 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, 2025 are operating lease expenses of \$2,838,955.

Additional supplemental information regarding assumptions for operating leases is as follows for June 30:

	<u>2025</u>
Weighted-average remaining lease term (years)	
Operating leases	3.19
Weighted-average discount rate	
Operating leases	5.00%

As of June 30, 2025, the maturity of the operating lease liabilities is as follows:

<u>Maturity</u>	<u>Operating</u>
2026	\$ 1,709,477
2027	994,550
2028	857,144
2029	496,422
2030	<u>110,548</u>
Total undiscounted cash flows	4,168,141
Less: present value discount	<u>(297,375)</u>
Total operating lease liabilities	<u><u>\$ 3,870,766</u></u>

Church World Service, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

**NOTE 10 - NET ASSETS WITHOUT DONOR RESTRICTIONS**

The Organization's Governing Board has designated, from net assets without donor restrictions, \$2,566,980 at June 30, 2025 for the endowment.

**NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions as of June 30, 2025 are available for the following purposes:

Time restriction	
Split interest receivables	\$ 1,191,145
Purposes	
Emergency response	4,112,604
Global relief and development	2,275,223
Advocacy	898,803
Services to displaced people	6,514,995
Fundraising	800,000
Investment in perpetuity, the income of which is expendable to support the endowment fund: emergency relief, refugee assistance, hunger relief, self-development	<u>4,745,562</u>
Total	<u>\$ 20,538,332</u>

***Net Assets Released from Donor Restrictions***

Net assets released from donor restrictions are as follows as of June 30, 2025:

Purpose	
Emergency response	\$ 2,110,763
Global relief and development	746,161
Advocacy	188,193
Services to displaced people	<u>2,626,708</u>
	<u>\$ 5,671,825</u>

**NOTE 12 - 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. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

***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.

**Church World Service, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025**

Endowment net asset composition by type of fund as of June 30, 2025 is as follows:

	Without Donor Restricted	With Donor Restricted	Total
Donor-restricted endowment funds	\$ 2,784,050	\$ 4,745,562	\$ 7,529,612
Board-designated endowment funds	2,566,980	-	2,566,980
<b>Total funds</b>	<b>\$ 5,351,030</b>	<b>\$ 4,745,562</b>	<b>\$ 10,096,592</b>

Changes in endowment net assets for the year ended June 30, 2025 is as follows:

	Without Donor Restricted	With Donor Restricted	Total
Beginning of year	\$ 4,511,994	\$ 4,379,380	\$ 8,891,374
Contributions	13,445	367,277	380,722
Investment return, net	1,052,916	-	1,052,916
Appropriation of endowment assets for expenditure	(207,375)	-	(207,375)
Other changes, net	(19,950)	(1,095)	(21,045)
	<b>\$ 5,351,030</b>	<b>\$ 4,745,562</b>	<b>\$ 10,096,592</b>

***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, 2025.

***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% 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 - CONTINUED

June 30, 2025

**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% 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.

**NOTE 13 - 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, 2025 for the assets measured at fair value on a recurring basis under ASC 820, *Fair Value Measurements and Disclosures*:

	Assets Measured at Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Split-interest agreement receivables	\$ 1,191,145	\$ -	\$ -	\$ 1,191,145
Investments				
Cash and cash equivalents	106,711	106,711	-	-
Corporate bonds	1,053,627	-	1,053,627	-
U.S. government obligations	905,774	905,774	-	-
Equity securities	5,875,021	5,875,021	-	-
Exchange traded funds (ETFs)	206,235	206,235	-	-
Total investments	<u>\$ 8,147,368</u>	<u>\$ 7,093,741</u>	<u>\$ 1,053,627</u>	<u>\$ 1,191,145</u>
Investments held by others				
Pooled funds				
Cash and cash equivalents	\$ 19,577	\$ 19,577	\$ -	\$ -
Equities	6,717,130	6,717,130	-	-
Real estate	9,314	-	9,314	-
Corporate bonds	2,803,399	-	2,803,399	-
Other	982,836	-	-	982,836
Total pooled funds	<u>10,532,256</u>	<u>6,736,707</u>	<u>2,812,713</u>	<u>982,836</u>
Certificate of deposit	<u>2,463,967</u>	<u>2,463,967</u>	<u>-</u>	<u>-</u>
Total investments held by others	<u>\$ 12,996,223</u>	<u>\$ 9,200,674</u>	<u>\$ 2,812,713</u>	<u>\$ 982,836</u>

**Church World Service, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025**

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, 2025 are as follows:

Gift value	Market value
Net return on investment assets	2.88%
Life expectancy	2012 mortality tables
Discount rate	4.75%

CWS's Level 3 assets had no purchases and issuances totaling \$74,616 for the year ended June 30, 2025. There were no transfers in and out of Level 3 investments during fiscal year 2025.

**NOTE 14 - 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. During 2025, management recorded a contingent liability of \$4,950,413 related to certain federal grant indirect revenue and expenditures that remain subject to ongoing review by federal awarding agencies. While management has not identified any unallowable costs, the reviews may result in required repayments depending on the final indirect rate determination.

The amount accrued represents management's current estimate of potential repayment exposure based on information available as of the date of these financial statements. The ultimate outcome of the reviews cannot be determined at this time, and the actual amount of any repayment, if required, may differ from the amount recorded. Management continues to monitor the matter and will adjust the contingency as additional information becomes available.

On January 20, 2025, President Trump signed an executive order banning refugee resettlement and freezing foreign aid. The Trump administration's indefinite refugee ban and suspension of funding for resettlement agencies continues to have significant adverse effects on refugee families and resettlement operations in the U.S. This has led to halted resettlements and the termination of service contracts with resettlement agencies, including Church World Service, Inc. negatively affecting funding for the Organization. In response, a legal challenge is ongoing, with plaintiffs requesting court intervention due to the administration's failure to comply with previous court orders. CWS has also furloughed and moved forward with layoffs impacting nearly 1,500 employees in response to the executive order.

Church World Service, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

**NOTE 15 - 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, 2025:

Financial assets at year-end	
Cash and cash equivalents	\$ 18,778,901
Contributions receivable, net	1,213,777
Government grants receivable	24,160,547
Investments	8,147,368
Investments held by others	12,996,223
Split interest receivables	<u>1,191,146</u>
	<u>66,487,962</u>
Less: assets unavailable for general expenditures within one year	
Subject to donor purpose or time restrictions	15,792,770
Designated by the Board for endowment	2,566,980
Donor restricted endowment funds held in perpetuity	<u>4,745,562</u>
	<u>23,105,312</u>
Financial assets not available to be used within one year	
Financial assets available to meet needs for general expenditures within one year	<u>\$ 43,382,650</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 \$12,000,000 of available lines of credit (see Note 7) or its quasi-endowment fund, if the Board deems the fund be made available for general expenditure.

**NOTE 16 - 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.

**Church World Service, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025**

**NOTE 17 - REVISION OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS**

Management identified an immaterial adjustment related to intercompany balances after the issuance of CWS's financial statements for the year ended June 30, 2024. As a result, CWS adjusted beginning net assets for the year ended June 30, 2025, as reflected below. The adjustment stemmed from the way certain intercompany transactions with foreign offices were recorded. Management has evaluated the materiality of this change in accordance with U.S. GAAP and has concluded that it does not have a material impact upon the previously reported financial position or change in net assets.

	July 1, 2024 (as previously presented)	Adjustment	July 1, 2024 (as adjusted)
Statement of activities:			
Net assets without donor restrictions	\$ 17,059,988	\$ 2,837,270	\$ 19,897,258
Net assets with donor restrictions	14,780,421	-	14,780,421
Total net assets beginning of year	<u>\$ 31,840,409</u>	<u>\$ 2,837,270</u>	<u>\$ 34,677,679</u>

**NOTE 18 - SUBSEQUENT EVENTS**

CWS has evaluated subsequent events through January 27, 2026, the date the financial statements were available for issuance. CWS is not aware of any subsequent events which would require recognition or disclosure in the financial statements.



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## **REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Church World Service, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Church World Service "CWS"), which comprise the statement of financial position as of June 30, 2025 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 27, 2026.

### **Report on internal control over financial reporting**

In planning and performing our audit of the financial statements, we considered CWS's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CWS's internal control. Accordingly, we do not express an opinion on the effectiveness of CWS's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of CWS's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### **Report on compliance and other matters**

As part of obtaining reasonable assurance about whether CWS's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our

audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of CWS's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CWS's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Grant Thornton LLP*

Chicago, Illinois  
January 27, 2026