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**AWANA INTERNATIONAL CANADA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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## INDEPENDENT AUDITORS' REPORT

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To the Members of Awana International Canada

### Opinion

We have audited the financial statements of Awana International Canada (the "Society"), which comprise the statement of financial position as at June 30, 2022, and the statements of operations and changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at June 30, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

### Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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## INDEPENDENT AUDITORS' REPORT

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- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- 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 the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

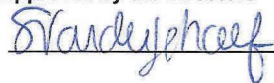
*Manning Elliott LLP*

Chartered Professional Accountants  
Burnaby, British Columbia  
October 21, 2022

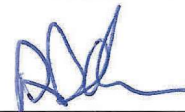
**AWANA INTERNATIONAL CANADA  
STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2022**

	General Fund	Restricted Regional Ministry Fund	Restricted International Ministry Fund	Restricted Subtotal	2022	2021
<b>ASSETS</b>						
<b>CURRENT</b>						
Cash	\$ 160,680	\$ 176,362	\$ 83,558	\$ 259,920	\$ 420,600	\$ 424,252
Investments (Note 3)	250,000	-	-	-	250,000	250,000
Accounts receivable	24,958	-	-	-	24,958	18,215
GST/HST receivable	-	6,986	-	6,986	6,986	3,398
Prepaid expenses and deposits	9,665	-	-	-	9,665	-
	445,303	183,348	83,558	266,906	712,209	695,865
PROPERTY AND EQUIPMENT (Note 4)	23,665	667	-	667	24,332	15,104
CASH SURRENDER VALUE OF LIFE INSURANCE	7,697	-	-	-	7,697	6,953
	\$ 476,665	\$ 184,015	\$ 83,558	\$ 267,573	\$ 744,238	\$ 717,922
<b>LIABILITIES</b>						
<b>CURRENT</b>						
Accounts payable and accrued liabilities	\$ 52,038	\$ 9,911	\$ -	\$ 9,911	\$ 61,949	\$ 35,019
GST/HST payable	20,125	-	-	-	20,125	6,134
Unearned revenue	15,598	-	-	-	15,598	8,811
Advances from Awana Clubs International (Note 5)	6,026	-	-	-	6,026	20,410
	93,787	9,911	-	9,911	103,698	70,374
CANADA EMERGENCY BUSINESS ACCOUNT LOAN (Note 6)	40,000	-	-	-	40,000	40,000
	133,787	9,911	-	9,911	143,698	110,374
<b>FUND BALANCES</b>						
Externally restricted (Note 7)	-	174,104	83,558	257,662	257,662	252,568
Unrestricted	342,878	-	-	-	342,878	354,980
	342,878	174,104	83,558	257,662	600,540	607,548
	\$ 476,665	\$ 184,015	\$ 83,558	\$ 267,573	\$ 744,238	\$ 717,922

Approved by the Directors



Director



Director

**AWANA INTERNATIONAL CANADA**  
**STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	General Fund	Restricted Regional Ministry Fund	Restricted International Ministry Fund	Restricted Subtotal	2022	2021
<b>REVENUE</b>						
Donations						
- General	\$ 176,452	\$ 279,118	\$ -	\$ 279,118	\$ 455,570	\$ 417,283
- International projects	-	-	142,367	142,367	142,367	378,671
- Donations-in-kind (Note 5)	68,191	-	-	-	68,191	62,726
Merchandise sales, net (Notes 5 & 8)	190,882	-	-	-	190,882	166,388
Government subsidies	65,800	-	-	-	65,800	208,346
Membership fees	27,012	-	-	-	27,012	27,214
Interest income	1,302	-	-	-	1,302	3,748
Increase in cash surrender value	744	-	-	-	744	6,953
Events	-	300	-	300	300	5,270
	530,383	279,418	142,367	421,785	952,168	1,276,599
<b>EXPENSES</b>						
Salaries and benefits	344,093	268,314	-	268,314	612,407	563,689
Contractors	116,382	-	-	-	116,382	108,379
International projects	-	-	100,507	100,507	100,507	355,178
Office supplies	20,948	8,570	-	8,570	29,518	15,651
Travel	13,100	11,419	-	11,419	24,519	141
Professional fees	14,325	-	-	-	14,325	12,510
Bank and credit card service charges	12,462	-	-	-	12,462	12,028
Advertising and promotion	12,220	-	-	-	12,220	23,800
Telephone and utilities	11,879	-	-	-	11,879	6,609
Amortization of property and equipment	7,868	336	-	336	8,204	6,799
Insurance	5,838	-	-	-	5,838	6,113
Dues and subscriptions	4,799	-	-	-	4,799	4,300
Events	-	4,618	-	4,618	4,618	3,849
Training	810	-	-	-	810	1,433
Foreign exchange loss (gain)	688	-	-	-	688	(2,802)
Advocates	-	-	-	-	-	2,200
	565,412	293,257	100,507	393,764	959,176	1,119,877
NET (LOSS) REVENUE FOR THE YEAR	(35,029)	(13,839)	41,860	28,021	(7,008)	156,722
FUND BALANCES, BEGINNING OF YEAR	354,980	196,637	55,931	252,568	607,548	450,826
INTERFUND TRANSFERS	319,951	182,798	97,791	280,589	600,540	607,548
Administration fees	42,145	(27,912)	(14,233)	(42,145)	-	-
Salary allocation	(19,218)	19,218	-	19,218	-	-
	22,927	(8,694)	(14,233)	(22,927)	-	-
FUND BALANCES, END OF YEAR	\$ 342,878	\$ 174,104	\$ 83,558	\$ 257,662	\$ 600,540	\$ 607,548

**AWANA INTERNATIONAL CANADA**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	General Fund	Restricted Regional Ministry Fund	Restricted International Ministry Fund	Restricted Subtotal	2022	2021
<b>OPERATING ACTIVITIES</b>						
Net (loss) revenue for the year	\$ (35,029)	\$ (13,839)	\$ 41,860	\$ 28,021	\$ (7,008)	\$ 156,722
Items not affecting cash:						
Cash surrender value of life insurance	(744)	-	-	-	(744)	(6,953)
Forgivable portion of CEBA loan (Note 6)	-	-	-	-	-	(20,000)
Amortization of property and equipment	7,868	336	-	336	8,204	6,799
	(27,905)	(13,503)	41,860	28,357	452	136,568
Changes in non-cash working capital:						
Accounts receivable	(6,743)	-	-	-	(6,743)	26,630
GST/HST receivable	-	(3,588)	-	(3,588)	(3,588)	35,416
Advances to missionaries	-	-	-	-	-	4,000
Prepaid expenses	(9,665)	-	-	-	(9,665)	200
Accounts payable and accrued liabilities	24,281	2,649	-	2,649	26,930	(7,828)
GST/HST payable	13,991	-	-	-	13,991	1,502
Unearned revenue	6,787	-	-	-	6,787	(4,635)
	28,651	(939)	-	(939)	27,712	55,285
	746	(14,442)	41,860	27,418	28,164	191,853
<b>FINANCING ACTIVITIES</b>						
Interfund transfers	22,927	(8,694)	(14,233)	(22,927)	-	-
Advances from (to) Awana Clubs International	(14,384)	-	-	-	(14,384)	7,520
CEBA loan (Note 6)	-	-	-	-	-	60,000
	8,543	(8,694)	(14,233)	(22,927)	(14,384)	67,520
<b>INVESTING ACTIVITIES</b>						
Proceeds from sale of investments	-	-	-	-	-	180,000
Purchase of investments	-	-	-	-	-	(250,000)
Purchase of equipment	(16,718)	(714)	-	(714)	(17,432)	(3,880)
	(16,718)	(714)	-	(714)	(17,432)	(73,880)
<b>CHANGE IN CASH</b>	(7,429)	(23,850)	27,627	3,777	(3,652)	185,493
<b>CASH, BEGINNING OF YEAR</b>	168,109	200,212	55,931	256,143	424,252	238,759
<b>CASH, END OF YEAR</b>	\$ 160,680	\$ 176,362	\$ 83,558	\$ 259,920	\$ 420,600	\$ 424,252

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**AWANA INTERNATIONAL CANADA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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1. OPERATIONS

Awana International Canada (the "Society") is a not-for-profit organization incorporated under the Canada Corporations Act on September 4, 2008. The Society transitioned to the Canada Not-for-profit Corporations Act in 2014. As a registered charity the Society is exempt from the payment of income tax under Section 149(1)(l) of the Income Tax Act (Canada).

The Society helps organizations and parents worldwide raise children and youth to know, love and serve Christ.

The Society is affiliated with Awana Clubs International ("ACI"), which is a non-profit organization in Illinois, USA. ACI provides administrative assistance and supplies materials for children and youth clubs in Canada.

The Society is economically dependent on ACI for 90% of its merchandise purchases (Note 8).

The Society continues to monitor the impact of the COVID-19 health pandemic on its operations. To June 30, 2022 the health pandemic has not had an adverse impact on the Society's operations or its financial position.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") under Part III of the CPA Canada Handbook - Accounting. Financial statements prepared in accordance with ASNPO are also in accordance with Canadian generally accepted accounting principles ("GAAP").

These financial statements have, in management's opinion, been prepared within reasonable limits of materiality using the significant accounting policies noted below:

(a) Revenue recognition and fund accounting

The Society follows the restricted fund method of accounting for contributions. Donations are recognized as revenue of the designated funds when the amount to be received can be reasonably estimated and collection is reasonably assured. Government subsidies are recognized as revenue in the general fund when receivable. Merchandise sales are recognized when goods are shipped to customers from ACI's warehouse. Event revenue is recognized as revenue of the appropriate fund when the event is held. Membership fees are recognized over the period of the membership term. Investment income is recognized when earned.

The Society presents its financial statements using the following funds:

The General Fund accounts for merchandise sales and the general and administrative activities of the Society.

The Restricted Regional Ministry Fund accounts for the regional activities of the Society.

The Restricted International Ministry Fund accounts for the international activities of the Society.

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**AWANA INTERNATIONAL CANADA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Property and equipment

Property and equipment are recorded at cost and are amortized over their estimated useful lives on a straight-line basis at the following rates:

Computer hardware	3 years
Office furniture and equipment	10 years
Office improvements	5 years

Property and equipment acquired during the year is not amortized until it is placed into use.

The Society's policy is to record a write-down to property and equipment's fair value or replacement cost when conditions indicate that property and equipment is impaired. Such conditions include when the property and equipment no longer contributes to the Society's ability to provide goods and services or when the value of future economic benefits or service potential associated with the property and equipment is less than its net carrying amount. Write-downs are recognized as an expense in the statement of operations and are not reversed.

(c) Foreign currency translation

Accounts in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities have been translated at the year end exchange rate. Non-monetary assets have been translated at the rate of exchange prevailing at the date of transaction. Revenues and expenses have been translated at the average rates of exchange during the year.

Foreign exchange gains and losses on monetary assets and liabilities are included in the statement of operations.

(d) Contributed goods and services

The Society recognizes gifts and services in kind at prevailing market rates if the amounts can be reasonably estimated and would otherwise have been purchased in the normal course of operations.

Volunteers contribute hundreds of hours per year to assist the Society in carrying out its various activities. Due to the difficulty of determining their fair value, contributed services are not recognized in these financial statements except as disclosed in Note 5.

(e) Use of estimates

The preparation of the financial statements in conformity with ASNPO requires management to make estimates and assumptions about future events that affect the reported amounts of assets, liabilities, revenues and expenses as at the end of, or during the reporting period. Management believes that the estimates used are reasonable and prudent; however, actual results could differ from those estimates. Significant areas requiring the use of management estimates relate to the determination of the useful lives of property and equipment used for computing amortization, the amounts recorded as accrued liabilities, and the measurement of unearned revenue.



**AWANA INTERNATIONAL CANADA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Financial instruments

i) Measurement

The Society's financial instruments consists of cash, investments, accounts receivable, accounts payable, and advances from ACI. The Society initially measures all of its financial assets and liabilities at fair value. The Society subsequently measures all of its financial assets and liabilities at amortized cost, except for cash which is measured at fair value.

ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down that is determined is recognized in the statement of operations. A previously recognized impairment loss may be reversed to the extent of any improvement, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations in the period in which it is determined.

iii) Transaction costs

Transaction costs that are directly attributable to the origination, issuance or assumption of a financial instrument that is subsequently measured at amortized cost are assigned to those financial instruments. All other transaction costs are recognized in the statement of operations in the period incurred.

3. INVESTMENTS

Investments consist of two term deposits that bear interest of 2.36% and 1.80% (2021 - 1.00% and 0.30%) per annum and mature on September 12, 2022 and June 6, 2023 respectively.

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	<b>2022 Net book value</b>	2021 Net book value
Computer hardware	\$ 46,384	\$ 35,639	\$ <b>10,745</b>	\$ 6,287
Office furniture and equipment	8,180	3,399	<b>4,781</b>	4,754
Office improvements	15,202	6,396	<b>8,806</b>	4,063
	<b>\$ 69,766</b>	<b>\$ 45,434</b>	<b>\$ 24,332</b>	<b>\$ 15,104</b>

5. RELATED PARTY TRANSACTIONS

The Society is economically dependent on ACI and is also related to ACI through a shared ministry agreement.

Unless otherwise stated, amounts due from or to ACI are unsecured, without interest and are due on demand. At year-end, the Society had an amount due to ACI of \$6,026 (2021 - \$20,410).

During the year, the Society had the following transactions with ACI. These transactions were made in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed upon by the related parties.

**AWANA INTERNATIONAL CANADA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

5. RELATED PARTY TRANSACTIONS *(continued)*

	2022	2021
Included in Merchandise sales (Note 7), net are the following transactions with ACI:		
Merchandise costs	\$ 120,819	\$ 78,697
Shipping and duties	126,775	84,918
	<b>247,594</b>	163,615

	2022	2021
Expenses paid to ACI:		
International projects	39,353	5,580
Office supplies	2,049	2,934
	<b>41,402</b>	8,514

The Society has estimated market values for the contributed services received from ACI. These amounts have been recognized as revenue and a corresponding expense contained in the statement of operations and changes in fund balances during the year as follows:

Donations-in-kind:		
Contractors	42,672	30,817
Shipping	25,529	24,025
Advertising and promotion	-	7,884
	<b>\$ 68,191</b>	\$ 62,726

6. CANADA EMERGENCY BUSINESS ACCOUNT LOAN

	2022	2021
Canada Emergency Business Account ("CEBA") - repayable on or before December 31, 2022 with no interest. If the Society repays at least 75% of the loan amount before December 31, 2022, the bank will forgive the balance up to a maximum of \$20,000.	\$ 60,000	\$ 60,000
Less forgivable portion of the loan recognized as revenue	(20,000)	(20,000)
	<b>\$ 40,000</b>	\$ 40,000

7. EXTERNALLY RESTRICTED FUND BALANCES

	2022	2021
<u>Regional Ministry Fund</u>		
Regional director program	\$ 174,104	\$ 196,637
<u>International Ministry Fund</u>		
International projects	83,558	55,931
	<b>\$ 257,662</b>	\$ 252,568

**AWANA INTERNATIONAL CANADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

8. MERCHANDISE SALES

	2022	2021
Merchandise sales	\$ 467,215	\$ 358,102
Merchandise costs (Note 5)	(122,029)	(81,131)
Shipping and duties (Note 5)	(154,304)	(110,583)
	<b>\$ 190,882</b>	<b>\$ 166,388</b>

9. FINANCIAL INSTRUMENT RISKS

The Society's financial instruments are described in Note 2(f). In management's opinion, the Society is not exposed to any significant credit, liquidity, market, currency, interest rate, or other price risks except as explained below. In addition, the Society is not exposed to any material concentrations of risk and there have been no significant changes in the risk exposure described below from the prior year.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society is exposed to credit risk mainly in respect of its accounts receivable. The Society maintains, if deemed necessary, provision for potential credit losses, and any such losses to date have been within management's expectations.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society's ability to meet obligations depends on the receipt of donations, the collection of accounts receivable and the liquidity of its investments. The Society mitigates liquidity risk by maintaining cash reserves.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Society is mainly exposed to currency risk and interest rate risk.

(i) Currency risk

Currency risk is the risk to the Society's net revenue that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. As at June 30, 2022, the Society had cash of \$151 (2021 - \$293), and \$6,026 (2021 - \$20,410) due to ACI denominated in U.S. dollars. The Society mitigates this risk by monitoring currency rates and purchasing U.S. dollars to act as a hedge against the risk.

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**AWANA INTERNATIONAL CANADA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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9. FINANCIAL INSTRUMENT RISKS *(continued)*

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. In seeking to minimize the risks from interest rate fluctuations of their investment, the Society manages exposure through its normal operating and financing activities. The Society is mainly exposed to interest rate risk on its interest bearing fixed income investments.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Society is not exposed to other price risk.

Concentration of risk

The Society is exposed to a concentration of currency risk as virtually all of its merchandise costs (Note 8) are denominated in USD.

10. ALLOCATION OF EXPENSES

There are no shared or indirect costs that are related to more than one activity. All costs are directly attributable to specific funds.

11. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's grouping presentation of certain line items.

Such reclassification has no impact on the previously reported total assets, net assets, or net revenues.