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**AWANA INTERNATIONAL CANADA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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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, 2021, 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, 2021, 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 auditor's 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 auditor's 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 auditor's 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 12, 2021

**AWANA INTERNATIONAL CANADA  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2021**

	General Fund	Restricted Regional Ministry Fund	Restricted International Ministry Fund	Restricted Subtotal	2021	2020
<b>ASSETS</b>						
<b>CURRENT</b>						
Cash	\$ 168,109	\$ 200,212	\$ 55,931	\$ 256,143	\$ 424,252	\$ 238,759
Investments (Note 3)	250,000	-	-	-	250,000	180,000
Accounts receivable	18,215	-	-	-	18,215	44,845
GST/HST receivable	-	3,398	-	3,398	3,398	38,814
Advances to missionaries	-	-	-	-	-	4,000
Prepaid expenses	-	-	-	-	-	200
Cash surrender value of life insurance	6,953	-	-	-	6,953	-
	443,277	203,610	55,931	259,541	702,818	506,618
<b>PROPERTY AND EQUIPMENT (Note 4)</b>	14,815	289	-	289	15,104	18,023
	\$ 458,092	\$ 203,899	\$ 55,931	\$ 259,830	\$ 717,922	\$ 524,641
<b>LIABILITIES</b>						
<b>CURRENT</b>						
Accounts payable and accrued liabilities	\$ 27,757	\$ 7,262	\$ -	\$ 7,262	\$ 35,019	\$ 42,847
GST/HST payable	6,134	-	-	-	6,134	4,632
Unearned revenue	8,811	-	-	-	8,811	13,446
Advances from Awana Clubs International (Note 8)	20,410	-	-	-	20,410	12,890
	63,112	7,262	-	7,262	70,374	73,815
<b>CANADA EMERGENCY BUSINESS ACCOUNT LOAN (Note 5)</b>	40,000	-	-	-	40,000	-
	103,112	7,262	-	7,262	110,374	73,815
<b>FUND BALANCES</b>						
Externally restricted (Note 6)	-	196,637	55,931	252,568	252,568	224,914
Unrestricted	354,980	-	-	-	354,980	225,912
	354,980	196,637	55,931	252,568	607,548	450,826
	\$ 458,092	\$ 203,899	\$ 55,931	\$ 259,830	\$ 717,922	\$ 524,641

Approved by the Directors

 Director

 Director

**AWANA INTERNATIONAL CANADA**  
**STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund	Restricted Regional Ministry Fund	Restricted International Ministry Fund	Restricted Subtotal	2021	2020
<b>Revenue</b>						
Donations						
- General	\$ 95,271	\$ 322,012	\$ -	\$ 322,012	\$ 417,283	\$ 437,580
- International projects	-	-	378,671	378,671	378,671	48,174
- Donations-in-kind (Note 8)	62,726	-	-	-	62,726	109,196
Government subsidies	208,346	-	-	-	208,346	98,957
Merchandise sales, net (Note 7)	165,614	774	-	774	166,388	434,885
Membership fees	27,214	-	-	-	27,214	40,748
Increase in cash surrender value	6,953	-	-	-	6,953	-
Events	400	4,870	-	4,870	5,270	111,637
Interest income	3,748	-	-	-	3,748	5,851
	570,272	327,656	378,671	706,327	1,276,599	1,287,028
<b>EXPENSES</b>						
Salaries and benefits	296,967	266,722	-	266,722	563,689	656,319
International projects	-	-	355,178	355,178	355,178	80,981
Contractors	108,379	-	-	-	108,379	133,897
Advertising and promotion	23,800	-	-	-	23,800	50,521
Office supplies	9,021	6,630	-	6,630	15,651	39,021
Professional fees	12,510	-	-	-	12,510	12,325
Bank and credit card service charges	12,028	-	-	-	12,028	16,003
Amortization	6,167	632	-	632	6,799	6,878
Telephone and utilities	6,609	-	-	-	6,609	15,489
Insurance	6,113	-	-	-	6,113	6,320
Dues and subscriptions	4,300	-	-	-	4,300	3,109
Events	-	3,849	-	3,849	3,849	98,673
Advocates	-	2,200	-	2,200	2,200	39,325
Training	1,433	-	-	-	1,433	2,716
Travel (recovery)	190	(49)	-	(49)	141	44,613
Conferences	-	-	-	-	-	10,859
Exchange (gain) loss	(2,802)	-	-	-	(2,802)	2,968
	484,715	279,984	355,178	635,162	1,119,877	1,220,017
NET REVENUE FOR THE YEAR	85,557	47,672	23,493	71,165	156,722	67,011
FUND BALANCES, BEGINNING OF YEAR	225,912	181,124	43,790	224,914	450,826	383,815
INTERFUND TRANSFERS	311,469	228,796	67,283	296,079	607,548	450,826
Administration fees	43,511	(32,159)	(11,352)	(43,511)	-	-
FUND BALANCES, END OF YEAR	\$ 354,980	\$ 196,637	\$ 55,931	\$ 252,568	\$ 607,548	\$ 450,826

**AWANA INTERNATIONAL CANADA**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2021**

	General Fund	Restricted Regional Ministry Fund	Restricted International Ministry Fund	Restricted Subtotal	2021	2020
<b>OPERATING ACTIVITIES</b>						
Net revenue for the year	\$ 85,557	\$ 47,672	\$ 23,493	\$ 71,165	\$ 156,722	\$ 67,011
Item not affecting cash:						
Amortization	6,167	632	-	632	6,799	6,878
	91,724	48,304	23,493	71,797	163,521	73,889
Changes in non-cash working capital:						
Accounts receivable	26,630	-	-	-	26,630	(7,455)
GST/HST receivable	-	35,416	-	35,416	35,416	(24,525)
Advances to missionaries	-	4,000	-	4,000	4,000	-
Prepaid expenses	-	200	-	200	200	12,186
Cash surrender value of life insurance	(6,953)	-	-	-	(6,953)	-
Accounts payable and accrued liabilities	(8,072)	244	-	244	(7,828)	(28,701)
GST/HST payable	1,502	-	-	-	1,502	(10,254)
Unearned revenue	(4,635)	-	-	-	(4,635)	(61,762)
	8,472	39,860	-	39,860	48,332	(120,511)
	100,196	88,164	23,493	111,657	211,853	(46,622)
<b>FINANCING ACTIVITIES</b>						
Interfund transfers	43,511	(32,159)	(11,352)	(43,511)	-	-
Advances from (to) Awana Clubs International	7,520	-	-	-	7,520	(11,167)
Canada Emergency Business Account loan (Note 5)	40,000	-	-	-	40,000	-
	91,031	(32,159)	(11,352)	(43,511)	47,520	(11,167)
<b>INVESTING ACTIVITIES</b>						
Proceeds from sale of investments	180,000	-	-	-	180,000	479,728
Purchase of investments	(250,000)	-	-	-	(250,000)	(380,000)
Purchase of equipment	(3,880)	-	-	-	(3,880)	(5,709)
	(73,880)	-	-	-	(73,880)	94,019
<b>CHANGE IN CASH</b>	117,347	56,005	12,141	68,146	185,493	36,230
<b>CASH, BEGINNING OF YEAR</b>	50,762	144,207	43,790	187,997	238,759	202,529
<b>CASH, END OF YEAR</b>	\$ 168,109	\$ 200,212	\$ 55,931	\$ 256,143	\$ 424,252	\$ 238,759

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**AWANA INTERNATIONAL CANADA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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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.

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 95% of its merchandise purchases.

The COVID-19 virus has had a significant impact on economic and social activity through the restrictions put in place by various levels of government regarding travel, business operations, social gatherings and isolation/quarantine orders. The Society continues to monitor the impact of COVID-19 on its operations and will make any necessary adjustments to maintain 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 its 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 the general, merchandise sales 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, 2021**

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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 a capital asset's fair value or replacement cost when conditions indicate that a capital asset is impaired. Such conditions include when the capital asset no longer contributes to an organization's ability to provide goods and services or when the value of future economic benefits or service potential associated with the capital asset 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.

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 8.

(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 capital assets used for computing amortization, and the amounts recorded as accrued liabilities.



**AWANA INTERNATIONAL CANADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Financial instruments

i) Measurement

The Society's financial instruments consists of cash, investments, accounts receivable, advances to missionaries, accounts payable, and advances from ACI. The Society initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. 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 1.00% and 0.30% per annum and both mature on May 25, 2022.

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Computer hardware	\$ 41,749	\$ 35,462	\$ 6,287	\$ 6,843
Office furniture and equipment	7,375	2,621	4,754	5,491
Office improvements	8,127	4,064	4,063	5,689
	\$ 57,251	\$ 42,147	\$ 15,104	\$ 18,023

**AWANA INTERNATIONAL CANADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

5. CANADA EMERGENCY BUSINESS ACCOUNT LOAN

	2021	2020
Canada Emergency Business Account - 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	\$ -
Less forgivable portion of the loan recognized as revenue	(20,000)	-
	<b>\$ 40,000</b>	<b>\$ -</b>

6. EXTERNALLY RESTRICTED FUND BALANCES

	2021	2020
<u>Regional Ministry Fund</u>		
Regional director program	\$ 196,637	\$ 181,124
<u>International Ministry Fund</u>		
International projects	55,931	43,790
	<b>\$ 252,568</b>	<b>\$ 224,914</b>

7. MERCHANDISE SALES

	2021	2020
Merchandise sales	\$ 358,102	\$ 891,353
Merchandise costs	(81,131)	(213,166)
Shipping and duties	(110,583)	(243,302)
	<b>\$ 166,388</b>	<b>\$ 434,885</b>

8. 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 \$20,410 (2020 - \$12,890).

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.

	2021	2020
Included in Merchandise sales, net are the following charges by ACI:		
Merchandise costs	\$ 78,697	\$ 207,139
Shipping and duties	84,918	184,462
	<b>163,615</b>	<b>391,601</b>

**AWANA INTERNATIONAL CANADA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

8. RELATED PARTY TRANSACTIONS *(continued)*

	2021	2020
Expenses paid to ACI:		
International projects	5,580	47,868
Advertising and promotion	-	2,513
Office supplies	2,934	9,503
	<b>8,514</b>	<b>59,884</b>

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	30,817	47,341
Shipping	24,025	36,606
Advertising and promotion	7,884	25,249
	<b>\$ 62,726</b>	<b>\$ 109,196</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, except as noted regarding COVID-19.

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.

The COVID-19 health pandemic has caused economic uncertainty as explained in Note 1. The Society's exposure to credit risk potentially changed as a result of COVID-19, as the timing of the collection of grants may be impacted. However, it is not practical for the Society to estimate the impact of COVID-19 on its funders' ability to pay their accounts. Management will maintain frequent communication with its funders and other parties to monitor credit risk and take necessary steps to mitigate any potential losses.

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 managing its working capital and cash flows.

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 rate risk, interest rate risk and other price risk. The Society is mainly exposed to currency risk and interest rate risk.

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**AWANA INTERNATIONAL CANADA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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9. FINANCIAL INSTRUMENT RISKS *(continued)*

(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, 2021, the Society had cash of \$293 (2020 - \$106), and \$20,410 (2020 - \$12,890) due to ACI denominated in U.S. dollars.

(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 the 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.

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.