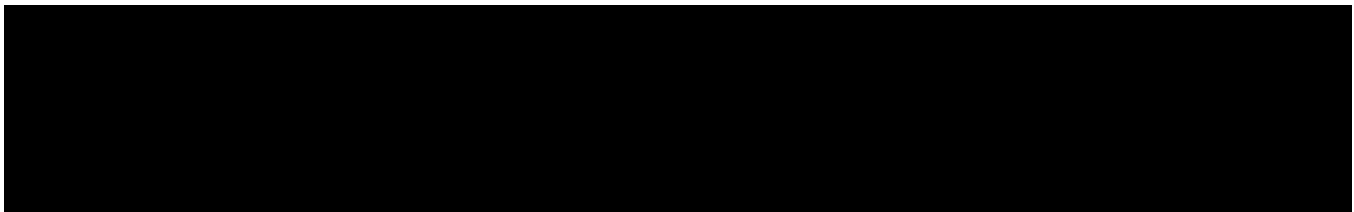


GFA WORLD >

financial statements

>YEAR ENDED DECEMBER 31, 2021

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financial statements

>YEAR ENDED DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members of GFA World:


Opinion

We have audited the financial statements of GFA World, the "Charity", which comprise the statement of financial position as at December 31, 2021, and the statements of operations, changes in net assets 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 Charity as at December 31, 2021, and the results of its operations and its 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Charity in accordance with the 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.



Our opinion is not modified in respect of these matters.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises 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 Charity'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 Charity or to cease operations, or has no realistic alternative but to do so.

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


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 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:

- 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 Charity'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 Charity'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 Charity 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Waterloo, Ontario



LICENSED PUBLIC ACCOUNTANTS
CHARTERED PROFESSIONAL ACCOUNTANTS

GFA WORLD>

statement of financial position

>DECEMBER 31, 2021

	2021	2020
assets		
current		
Cash	\$ 8,340,593	\$ 6,257,944
Government subsidies receivable	8,458	19,548
Government remittances recoverable	41,981	145,896
Inventory (Note 3)	62,402	62,831
Prepaid expenses	315,943	515,943
Due from US affiliate (Note 4)	<u>32,876</u>	<u>29,956</u>
	8,802,253	7,032,118
non-current		
Loan receivable from US affiliate (Note 5)	526,042	512,896
Capital assets (Note 6)	<u>925,554</u>	<u>961,475</u>
	<u>\$ 10,253,849</u>	<u>\$ 8,506,489</u>
liabilities		
current		
Accounts payable and accrued liabilities	\$ 106,856	\$ 92,330
contingency (Note 7)		
fund balances		
unrestricted fund	<u>10,146,993</u>	<u>8,414,159</u>
	<u>\$ 10,253,849</u>	<u>\$ 8,506,489</u>

Approved on behalf of the board:

Director

Director

GFA WORLD >

statement of changes in net assets

>YEAR ENDED DECEMBER 31, 2021

	2021	2020
balance, beginning of year	\$ 8,414,159	\$ 6,177,068
Excess of revenue over expenses for the year	<u>1,732,834</u>	<u>2,237,091</u>
balance, end of year	<u><u>\$(0,146,993)</u></u>	<u><u>\$ 8,414,159</u></u>

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statement of operations

>YEAR ENDED DECEMBER 31, 2021

	2021	2020
revenue		
Contributions	\$ 6,049,064	\$ 7,004,631
GFA materials	1,496	2,304
Gain on disposal	392	-
Government subsidies	68,160	107,212
Investment and other income	<u>10,499</u>	<u>19,660</u>
	<u>6,129,611</u>	<u>7,133,807</u>
expenses		
Administration	298,646	411,683
Advertising and promotion	30,238	113,351
Amortization	35,514	39,489
Bank charges and interest	125,143	187,060
Communication	123,216	183,466
Occupancy	43,703	51,166
Professional fees	1,614,295	1,917,261
Social programs	1,582,163	1,345,838
Travel	(1,447)	14,092
Wages and benefits	<u>545,306</u>	<u>633,310</u>
	<u>4,396,777</u>	<u>4,896,716</u>
excess of revenue over expenses for year	<u>\$ 1,732,834</u>	<u>\$ 2,237,091</u>

GFA WORLD>

statement of cash flows

>YEAR ENDED DECEMBER 31, 2021

	2021	2020
operating activities		
Excess of revenue over expenses for year	\$ 1,732,834	\$ 2,237,091
Adjustments for:		
Amortization	<u>35,514</u>	<u>39,489</u>
	1,768,348	2,276,580
Changes in non-cash working capital:		
Government subsidies receivable	11,090	(19,548)
Government remittances recoverable	103,915	(90,620)
Inventory	429	(7,643)
Prepaid expenses	200,000	(485,000)
Accounts payable and accrued liabilities	<u>14,525</u>	<u>60,492</u>
	<u>2,098,307</u>	<u>1,734,261</u>
financing activities		
Loan receivable from US affiliate	(13,146)	(7,092)
Due from US affiliate	<u>(2,920)</u>	<u>(6,920)</u>
	<u>(16,066)</u>	<u>(14,012)</u>
investing activities		
Proceeds from sale of capital assets	<u>408</u>	<u>909</u>
Net change in cash for the year	2,082,649	1,721,158
Cash balance, beginning of year	<u>6,257,944</u>	<u>4,536,786</u>
cash balance, end of year	<u>\$ 8,340,593</u>	<u>\$ 6,257,944</u>

notes to financial statements

>DECEMBER 31, 2021

1. purpose of organization

The mission of GFA World, the "Charity" is to communicate the love of Jesus Christ through various means, particularly through national workers by providing financial support as they counsel and provide social assistance. The Charity is incorporated under the Canada Not-for-Profit Corporations Act and is a registered charity for Canadian Income Tax purposes.

2. significant accounting policies

Basis of Accounting - These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue Recognition - The Charity follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably determined.

Interest and other income is recognized as it is earned and collection is reasonably assured.

Government subsidies are recognized as revenue in the year in which the underlying expenses are incurred.

Financial Instruments

Initial measurement - The Charity initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If it does, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the Charity in the transaction.

Subsequent measurement - The Charity subsequently measures all its financial assets and financial liabilities originated or exchanged in arm's length transactions at amortized cost. Any reduction for impairment is recognized in net income, in the period incurred.

Financial assets measured at amortized cost include cash.

Financial assets measured at cost include due from and loan receivable from US affiliate.

The Charity has not designated any financial asset or liability to be measured at fair value.

Impairment - Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized

notes to financial statements

>DECEMBER 31, 2021

impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is not 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 net income.

Transaction costs - The entity recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Inventory - Inventory is valued at the lower of cost or net realizable value. The method of determining cost is on the first-in first-out basis which records the cost of inventory on hand on the basis of its most recent acquisition cost.

Capital Assets and Amortization - Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided in the accounts using the following methods and annual rates:

Asset	Method	Rate
Buildings	Straight line	5%
Furniture and fixtures	Reducing balance	20%
Computer equipment	Reducing balance	20%
Signage	Reducing balance	20%
Vehicle	Reducing balance	30%

Contributed Materials and Services - Volunteers contribute their time to assist the Charity in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

The Charity receives contributed materials, the fair value of which may or may not be reasonably determinable. Contributed materials are recognized as donations when fair value can be determined. No contributed materials were recognized as donation revenue during the year.

Disclosure and Use of Estimates - The preparation of financial statements in accordance with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the year. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known.

Estimates are used when accounting for certain items such as revenues, allowance for doubtful accounts, useful lives of property, plant and equipment, asset impairments, inventory reserves, evaluation of minimum lease terms for operating leases, income taxes, research and development tax credits, warranties and goodwill.

notes to financial statements

>DECEMBER 31, 2021

3. inventory

Inventory is comprised of the following:

	2021	2020
Products for distribution	\$ <u>62,402</u>	\$ <u>62,831</u>

Inventory expensed during the period was \$11,908 (2020 - \$13,006).

4. due from US affiliate

Amount due from affiliate is unsecured, non-interest bearing with no set terms of repayment.

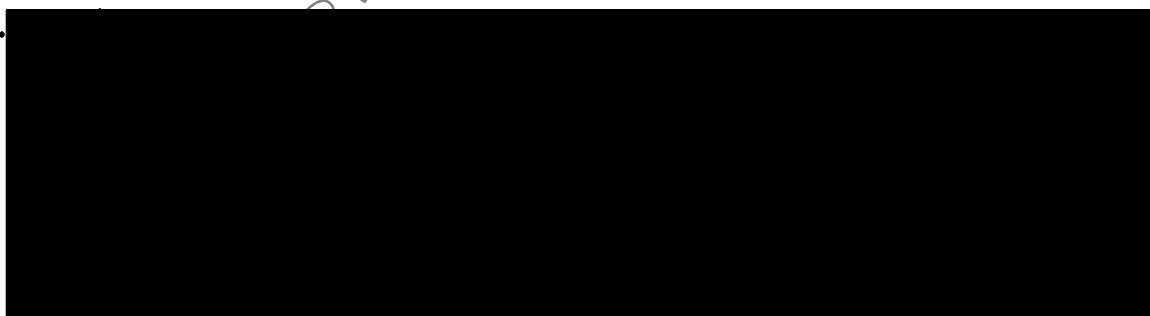
5. loan receivable from US affiliate

Loan receivable from US affiliate bears interest at 3% per annum, repayable March 2023.

6. capital assets

	cost	accumulated amortization	net 2021	net 2020
Land	\$ 346,037	\$ -	\$ 346,037	\$ 346,037
Buildings	886,025	366,062	519,963	540,475
Furniture and fixtures	452,688	428,764	23,924	29,904
Computer and equipment	301,115	268,010	33,105	41,381
Signage	16,144	14,260	1,884	2,355
Vehicle	<u>2,196</u>	<u>1,555</u>	<u>641</u>	<u>1,323</u>
	<u>\$ 2,004,205</u>	<u>\$ 1,078,651</u>	<u>\$ 925,554</u>	<u>\$ 961,475</u>

7.



notes to financial statements

>DECEMBER 31, 2021

8. financial instruments

Risk Management - The significant risks to which the Charity exposed are currency risk and liquidity risk. There has been no change to the risk exposures from the prior year.

Currency Risk - The Charity receives cash and has granted loan denominated in US dollars and is therefore exposed to foreign exchange fluctuations. As at December 31, 2021, cash and loan receivable of \$22,573 and \$526,042 respectively (2020 - \$48,986 and \$512,896 respectively) are denominated in US dollars.

Liquidity Risk - Liquidity risk is the risk that the Charity will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the Charity's cash requirements.

9. subsequent event

