FINANCIAL STATEMENTS OF

A ROCHA CANADA

April 30, 2021

INDEPENDENT AUDITOR'S REPORT

To the Directors of
A Rocha Canada

Report on the Audit of the Financial Statements

Qualified Opinion
We have audited the financial statements of A Rocha Canada, which comprise the statement of financial position as at April 30, 2021, and the statements of operations and 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, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at April 30, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Basis for Qualified 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 Organization 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 qualified opinion.

In common with many charities, A Rocha Canada derives part of its revenue in the form of donations and contributions, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization, and we were not able to determine if any adjustments may be required to contributions, excess of revenue over expenditures, and net assets.

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 ASNPO, 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.

INDEPENDENT AUDITOR'S REPORT, continued

In preparing the financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT, continued

- 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.

Report on Other Legal and Regulatory Requirements
As required by the Societies Act of British Columbia, we report that in our opinion, the accounting principles have been applied on a basis consistent with that of the preceding year.

d'Abadie Moody

Langley, British Columbia
October 22, 2021

Chartered Professional Accountants

A ROCHA CANADA
STATEMENT OF FINANCIAL POSITION
As at April 30, 2021

		2021		2020
ASSETS				
Current				
Cash and cash equivalents (Notes 7 and 8)	$	**1,220,078**	$	981,038
Accounts receivable		**99,508**		114,202
Inventory		**9,407**		8,507
Prepaid expenses		**42,564**		37,801
GST receivable		**22,132**		16,415
		1,393,689		1,157,963
Capital assets (Note 3)		**791,307**		597,305
	$	**2,184,996**	$	**1,755,268**
LIABILITIES				
Current				
Accounts payable and accrued liabilities	$	**44,012**	$	45,297
Unearned revenue		**49,484**		49,858
Deferred designated contributions (Note 8)		**350,686**		304,895
		444,182		400,050
Long-term debt and future development (Note 5)		**122,072**		108,125
CEBA loan payable (Note 6)		**30,000**		-
Deferred designated contributions relating to capital assets (Note 7)		**449,018**		328,390
		1,045,272		836,565
NET ASSETS				
UNRESTRICTED NET ASSETS		**1,139,724**		918,703
	$	**2,184,996**	$	**1,755,268**

Approved by the board

Antoinette van Kirk Member

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See accompanying notes to the financial statements

A ROCHA CANADA
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
Year ended April 30, 2021

		2021		2020
REVENUES				
Public contributions	$	**686,674**	$	706,603
Foundations and charity contributions		**557,203**		577,986
Fees for programs and services		**612,538**		528,252
Corporate and government contributions		**317,660**		406,122
Interest and other		**2,438**		8,722
Amortization of deferred designated contributions		**77,997**		52,380
Fundraising events		**-**		290
		2,254,510		2,280,355
EXPENDITURES				
Amortization		**168,639**		135,631
Administration and management (Schedule 1)		**226,639**		302,866
Fundraising (Schedule 2)		**122,330**		166,102
Programming costs (Schedule 3)		**1,525,881**		1,595,218
		2,043,489		2,199,817
EXCESS OF REVENUES OVER EXPENDITURES FROM OPERATIONS		**211,021**		80,538
OTHER INCOME				
Forgivable portion of CEBA loan (Note 6)		**10,000**		-
EXCESS OF REVENUES OVER EXPENDITURES		221,021		80,538
UNRESTRICTED NET ASSETS, beginning of year		**918,703**		838,165
UNRESTRICTED NET ASSETS, end of year	$	1,139,724	$	918,703

See accompanying notes to the financial statements

A ROCHA CANADA
STATEMENT OF CASH FLOWS
Year ended April 30, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess of revenues over expenditures	$ **221,021**	$ 80,538
Items not affecting cash		
Amortization	**168,639**	135,631
Amortization of deferred designated contributions	**(77,997)**	(52,380)
Forgivable portion of CEBA loan	**(10,000)**	-
Gain on sale of capital assets	**-**	(2,794)
	301,663	160,995
Change in non-cash working capital items		
Accounts receivable	**14,694**	(84,080)
Inventory	**(900)**	1,020
Prepaid expenses	**(4,763)**	(9,322)
GST receivable	**(5,717)**	(367)
Accounts payable and accrued liabilities	**(1,286)**	(31,414)
Unearned revenue	**(374)**	(9,059)
Deferred designated contributions	**45,791**	22,224
	349,108	49,997
FINANCING ACTIVITIES		
Proceeds of long-term debt and future development	**13,947**	108,125
Proceeds of CEBA loan payable	**40,000**	-
Deferred designated contributions relating to capital assets	**198,625**	281,081
	252,572	389,206
INVESTING ACTIVITIES		
Purchase of capital assets	**(362,640)**	(354,501)
Proceeds on disposal of capital assets	**-**	5,492
	(362,640)	(349,009)
INCREASE IN CASH	**239,040**	90,194
CASH, beginning of year	**981,038**	890,844
CASH, end of year	$ **1,220,078**	$ 981,038

See accompanying notes to the financial statements

1. Nature of operations

A Rocha Canada (the "Organization") was incorporated under the Canada Corporations Act on October 6, 1999 and continued under the Canada Not-for-Profit Corporations Act (CNCA) in 2016. The organization is registered with Canada Revenue Agency as a charitable organization under the provisions of the Income Tax Act of Canada and as such is exempt from income taxes.

The objectives and purposes of the Organization are to advance the Christian religion and its doctrines about creation by undertaking programs and projects in pursuit of its purpose as are exclusively charitable at law by:

(a) Developing, operating, and managing research and interpretation centres for studies on biblical faithful environmental stewardship, to discover and learn about the place and contribution of specific species and habitats in creation.

(b) Disseminating the results of such studies to the public through church services, educational institutions and programs, publications and any other appropriate medium.

2. Significant accounting policies

The Organization applies the Canadian accounting standards for not-for-profit organizations.

(a) Cash and cash equivalents

Bank balances, including bank overdrafts with balances that fluctuate from positive to overdrawn, are presented under cash and cash equivalents. Cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent when it has a short maturity of approximately three months or less from the date of acquisition.

(b) Capital assets

Capital assets are recorded at cost. The Organization provides for amortization using the straight-line method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Buildings and building improvement	6 - 15 years
Computer equipment	3 years
Furniture and fixtures	5 years
Program Equipment	3 years
Vehicles	3 years

Capital assets costing less than $1,000 are recorded as period costs.

2. Significant accounting policies, continued

(c) Inventory

Inventory consists of arts and crafts held for sale, is valued at the lower of cost and net realizable value. Cost is determined using the weighted average method.

(d) Impairment of long-lived assets

The carrying value of long-lived assets, which includes capital assets, is reviewed for impairment whenever events or changes in circumstances indicate the recoverable value may be less than the carrying amount. Recoverable value is based on estimates of both undiscounted and discounted future net cash flows expected to be recovered from specific assets or groups of assets through use or future disposition. Impairment charges are recorded in the period in which determination of impairment is made by management.

(e) Revenue recognition

The Organization 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 estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Externally restricted contributions for the purchase of capital assets that will be amortized are recorded as deferred capital contributions and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets. Externally restricted contributions for the purchase of capital assets that will not be amortized are recognized as direct increases in unrestricted net assets.

(f) Allocated expenses

The Organization allocates certain of its general support expenditures to three main functions: Programming, Administrative, and Fundraising. Allocation is accomplished by identifying and grouping expenditures by function and is applied consistently from year to year. Significant expenditures requiring allocation include wages and benefits, printing and postage, event production, IT services, interest and travel.

2. Significant accounting policies, continued

(g) Contributed services

A number of volunteers contribute a significant amount of their time to activities of the Organization each year. Due to the difficulty in determining the respective fair values, contributed services are not recognized in the financial statements.

(h) Measurement uncertainty

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant areas requiring the use of estimates include: estimated useful lives of capital assets for amortization, net recoverable values for capital assets and inventory. Actual results may differ from management's best estimates as additional information becomes available in the future.

3. Capital assets

			2021	2020
	Cost	**Accumulated amortization**	**Net Book Value**	Net Book Value
Buildings and building improvement	**$ 1,298,327**	**$ 583,670**	**$ 714,657**	$ 538,639
Computer equipment	**44,363**	**41,263**	**3,100**	2,923
Furniture and fixtures	**205,188**	**142,443**	**62,745**	47,508
Program Equipment	**55,649**	**48,135**	**7,514**	8,235
Vehicles	**26,736**	**23,445**	**3,291**	-
	$ 1,630,263	**$ 838,956**	**$ 791,307**	$ 597,305

4. Bank indebtedness

The organization has in place an operating facility with Vancity with an authorized limit of $100,000. The operating loan bears interest at the bank's prime rate + 2% with interest payable monthly. At April 30, 2021, the operating facility had a nil balance.

The facility is secured by a general security agreement over all present and after-acquired personal property and registered at the the Personal Property Registry against A Rocha Canada.

The facility also requires certain financial covenants which were met at April 30, 2021.

5. Long-term debt and future development

		2021	2020
Drew Foundation Inc.	$	**122,072** $	108,125

A Rocha Canada ("A Rocha") entered into an agreement with Drew Foundation Inc. (the "Foundation") in December 2018 whereby A Rocha has committed to build a new centre on certain parcels of land in East Braintree, Manitoba. The land on which the new centre will be constructed will be transferred from the Foundation to A Rocha as part of the agreement.

The Foundation has agreed to provide A Rocha, by way of a construction loan, funds required to construct the new centre. The loan is non-interest bearing and secured by the land and building in Braintree, Manitoba.

Upon the completion of the new centre, and subject to A Rocha meeting all other terms of the agreement, the Foundation will forgive the associated construction loan. In addition, an adjacent parcel of land will also be gifted to A Rocha.

A Rocha will be required to use the gifted lands on agreed upon goals and objectives per the agreement in perpetuity.

As at the report date, management is working on the construction plan and budget for the new centre.

6. CEBA loan payable

During the year, Vancity advanced $40,000 under Canada Emergency Business Account (CEBA). The maturity date of the loan is December 31, 2025. The loan bears no interest until December 2022 and thereafter, the loan bears annual interest rate of 5%.

Provided that the Organization repays 75% of the loan before December 31, 2022, the remaining 25% of the loan shall be forgiven.

Subsequent to 2021 fiscal year, the bank advanced additional $20,000 under CEBA, resulting in total balance of $60,000.

7. Deferred designated contributions relating to capital assets

Included in the balance are restricted donations totaling $55,512 (2020 - $88,754) which were received for the purchases of capital assets but were unused as at the end of the fiscal year.

8. Deferred designated contributions

		2021		2020
International projects	**$**	**179,592**	$	109,016
Programming grants		**171,094**		181,268
Capital campaign		**-**		14,611
	$	**350,686**	$	304,895

Funds received pertaining to the above designated contributions are restricted from general use until the related projects and programming are completed.

9. Commitments

Future minimum rental payments required under operating leases that have remaining terms in excess of one year are:

2022	$	6,000
2023		6,000
2024		2,000
	$	14,000

10. Government wage subsidy

The temporary emergency wage subsidy (TEWS) and Canada emergency wage subsidy (CEWS) received (or receivable) are recorded as reduction of wages and salaries expense.

		2021		2020
CEWS	$	302,097	$	107,982
TEWS		10,240		14,760
	$	312,337	$	122,742

11. Covid 19 impact

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the Novel Coronavirus ("COVID 19") as a pandemic, which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration of the COVID 19 measures is unknown at this time and it is not possible to reliably estimate any potential future effect this may have on the organization's operations and assets.

12. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

Fair value

The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short-term maturity dates. The fair value of long-term financial liabilities approximates their carrying value based on the presumption that the Organization is a going concern and thus expects to fully repay the outstanding amounts.

Market risk

The organization is potentially exposed to market risks as it receives contributions in the form of publicly traded securities from time to time. Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether the factors are specific to the instrument or all instruments traded in the market.

Credit risk

The Organization does have credit risk in receivables of $121,640 (2020 - $130,617). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Organization reduces its exposure to credit risk by performing credit valuations on a regular basis; granting credit upon a review of the credit history of the applicant and creating an allowance for bad debts when applicable. The Organization maintains strict credit policies and limits in respect to counterparties. In the opinion of management the credit risk exposure to the Organization is low and is not significant. A significant portion of receivables at year end relates to the Public Service Bodies Rebate and government wage subsidy.

Liquidity risk

The Organization does have a liquidity risk in the accounts payable and accrued liabilities of $44,012 (2020 - $45,297). Liquidity risk is the risk that the Organization cannot repay its obligations when they become due to its creditors. The Organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate line of credit to repay trade creditors and repays long term debt interest and principal as they become due. In the opinion of management the liquidity risk exposure to the Organization is low and is not significant.

13. Disclosure of Remuneration as required under the British Columbia Societies Act

During the year the Organization did not pay any directors fees.

The Organization had one employee who received remuneration in excess of $75,000 during the year. The remuneration totaled $102,016.

A ROCHA CANADA
SCHEDULES TO THE FINANCIAL STATEMENTS
Year ended April 30, 2021

Schedule of Administration and management expenditures — **Schedule 1**

	2021	2020
Wages and salaries	$ 121,353	$ 191,195
Travel and transportation	517	11,156
Training and development	2,481	2,008
Interest and bank charges	20,206	19,844
Office services, supplies and equipment	82,082	78,663
	$ 226,639	$ 302,866

Schedule of Fundraising expenditures — **Schedule 2**

	2021	2020
Wages and salaries	$ 103,877	$ 141,533
Other fundraising	2,856	4,965
Materials and supplies	15,568	16,913
Travel and transportation	29	2,691
	$ 122,330	$ 166,102

Schedule of Programming costs — **Schedule 3**

	2021	2020
Wages and salaries	$ 1,254,877	$ 1,257,601
Training and development	7,794	13,707
Centre costs	85,364	75,117
Materials and equipment	167,904	221,811
Travel and transportation	9,942	25,528
Events	-	1,454
	$ 1,525,881	$ 1,595,218