*FINANCIAL STATEMENTS OF*

# A ROCHA CANADA

**April 30, 2024**

## 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, 2024, 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, 2024, and its 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.

d'Abadie Moody

Langley, British Columbia
October 19, 2024

Chartered Professional Accountants

# A ROCHA CANADA
## STATEMENT OF FINANCIAL POSITION
**As at April 30, 2024**

| | 2024 | 2023 |
|---|---|---|
| **ASSETS** | | |
| Current | | |
| Cash (restricted and unrestricted) (Notes 4, 5 and 8) | $ **895,081** | $ 1,173,785 |
| Accounts receivable | **53,510** | 13,729 |
| Inventory | **9,099** | 9,099 |
| Prepaid expenses | **73,205** | 73,020 |
| GST receivable | **26,910** | 41,114 |
| | **1,057,805** | 1,310,747 |
| Capital assets (Note 3) | **1,558,892** | 1,453,217 |
| | $ **2,616,697** | $ **2,763,964** |
| **LIABILITIES** | | |
| Current | | |
| Accounts payable and accrued liabilities | $ **83,833** | $ 112,104 |
| Unearned revenue | **112,008** | 72,970 |
| Deferred designated contributions (Note 5) | **342,888** | 459,848 |
| | **538,729** | 644,922 |
| Long-term debt and future development (Note 6) | **229,761** | 162,072 |
| CEBA loan payable (Note 7) | **-** | 40,000 |
| Deferred designated contributions relating to capital assets (Note 8) | **1,546,900** | 1,116,911 |
| | **2,315,390** | 1,963,905 |
| **NET ASSETS** | | |
| UNRESTRICTED NET ASSETS | **301,307** | 800,059 |
| | $ **2,616,697** | $ **2,763,964** |

Approved by the board

Donald Buckingham ______________ Member

______________ Member

See accompanying notes to the financial statements

# A ROCHA CANADA
## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
**Year ended April 30, 2024**

| | 2024 | 2023 |
|---|---|---|
| REVENUES | | |
| Public contributions | $ **824,433** | $ 1,084,644 |
| Corporate and government contributions | **464,539** | 575,174 |
| Fundraising events | **8,173** | 559 |
| Foundations and charity contributions | **993,436** | 728,856 |
| Interest and other | **3,779** | 3,302 |
| Fees for programs and services | **798,794** | 791,280 |
| Amortization of deferred designated donations | **110,086** | 94,103 |
| | **3,203,240** | 3,277,918 |
| EXPENDITURES | | |
| Amortization | **235,142** | 218,280 |
| Programming costs (Schedule 3) | **3,105,501** | 2,691,413 |
| Administration and management (Schedule 2) | **246,442** | 326,761 |
| Fundraising (Schedule 1) | **114,907** | 255,438 |
| | **3,701,992** | 3,491,892 |
| DEFICIENCY OF REVENUES OVER EXPENDITURES | **(498,752)** | **(213,974)** |
| UNRESTRICTED NET ASSETS, beginning of year | **800,059** | 1,014,033 |
| UNRESTRICTED NET ASSETS, end of year | $ **301,307** | $ **800,059** |

See accompanying notes to the financial statements

# A ROCHA CANADA
## STATEMENT OF CASH FLOWS
**Year ended April 30, 2024**

| | 2024 | 2023 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Deficiency of revenues over expenditures | $ **(498,752)** | $ (213,974) |
| Items not affecting cash | | |
| Amortization | **235,142** | 218,280 |
| Amortization of deferred designated contributions | **(110,087)** | (94,103) |
| | **(373,697)** | (89,797) |
| Change in non-cash working capital items | | |
| Accounts receivable | **(39,781)** | 4,041 |
| Prepaid expenses | **(185)** | (17,524) |
| GST receivable | **14,204** | (22,994) |
| Accounts payable and accrued liabilities | **(28,271)** | 39,030 |
| Unearned revenue | **39,038** | 51,619 |
| Deferred designated contributions | **(116,960)** | 46,145 |
| | **(505,652)** | 10,520 |
| **FINANCING ACTIVITIES** | | |
| Repayment of long-term debt and future development | **67,689** | 40,000 |
| Decrease in CEBA loan payable | **(40,000)** | - |
| Deferred designated contributions relating to capital assets | **540,075** | 555,196 |
| | **567,764** | 595,196 |
| **INVESTING ACTIVITY** | | |
| Purchase of capital assets | **(340,816)** | (773,095) |
| **DECREASE IN CASH** | **(278,704)** | (167,379) |
| **CASH, beginning of year** | **1,173,785** | 1,341,164 |
| **CASH, end of year** | $ **895,081** | $ **1,173,785** |

See accompanying notes to the financial statements

## 1. Nature of operations

A Rocha Canada (the "Organization") was established under the Canada Not-for-Profit Corporations Act (CNCA) with extraprovincial registrations in Ontario, British Columbia and Manitoba. The organization is registered with the Canada Revenue Agency as a charitable organization 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, in Canada and around the world 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 biblically faithful environmental stewardship to the public through church services, educational institutions, and programs, publication, and any other appropriate medium.

(c) Protecting the environment for the benefit of the public by conserving or restoring ecosystems and biodiversity on a long-term basis.

## 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.

(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 |
| Vehicles | 3 years |
| Furniture and fixtures | 5 years |
| Computer equipment | 3 years |
| Program Equipment | 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 Organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value. Impairments of long-lived assets are not reversed.

(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 net assets to the Investment in Capital Assets balance.

(f) Financial instrument classification

| Financial instruments | Classification | Subsequent measurement |
|---|---|---|
| Cash | Held for trading | Fair value |
| Accounts receivable | Loans and receivables | Amortized cost using the effective interest method |
| Bank loan | Other liabilities | Amortized cost using the effective interest method |
| Accounts payable and accrued liabilities | Other liabilities | Amortized cost using the effective interest method |

## 2. Significant accounting policies, continued

(g) 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.

(h) 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.

(i) 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, net recoverable value of capital assets, and inventory valuation. Actual results may differ from management's best estimates as additional information becomes available in the future.

## 3. Capital assets

| | | | **2024** | 2023 |
|---|---|---|---|---|
| | **Cost** | **Accumulated amortization** | **Net Book Value** | Net Book Value |
| Buildings and building improvement | $ **2,371,945** | $ **979,932** | $ **1,392,013** | $ 1,243,150 |
| Vehicles | **99,459** | **75,218** | **24,241** | 48,482 |
| Furniture and fixtures | **254,680** | **196,908** | **57,772** | 58,501 |
| Computer equipment | **61,036** | **58,425** | **2,611** | 8,354 |
| Program Equipment | **221,518** | **139,263** | **82,255** | 94,730 |
| | $ **3,008,638** | $ **1,449,746** | $ **1,558,892** | $ 1,453,217 |

### 4. Bank facility

The organization has in place an operating facility with Vancity Credit Union 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, 2024, 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.

| | 2024 | 2023 |
|---|---|---|
| Indebtedness in General Fund | $ **(172,669)** | $ 477,566 |
| Restricted cash | **1,067,750** | 696,219 |
| | $ **895,081** | $ 1,173,785 |

### 5. Deferred designated contributions

| | 2024 | 2023 |
|---|---|---|
| International projects | $ **331,370** | $ 207,466 |
| Programming grants | **11,518** | 252,382 |
| | $ **342,888** | $ 459,848 |

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

Total restricted funds relating to deferred designated donations (included unused funds restricted for capital assets) amount to $1,067,750 (2023 - $696,219).

### 6. Long-term debt and future development

| | 2024 | 2023 |
|---|---|---|
| Drew Foundation Inc. | $ **229,761** | $ 162,072 |

A Rocha Canada ("A Rocha") entered into an agreement with Drew Foundation Inc. (the "Foundation") in December 2018 whereby A Rocha has committed to building 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.

### 7. CEBA loan payable

The Organization repaid the loan during the year.

### 8. Deferred designated contributions relating to capital assets

Included in the balance are restricted donations totaling $724,683 (2023 - $236,371) which were received for the purchases of capital assets but were unused as at the end of the fiscal year.

**9. 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 accounts receivables of $80,421 (2023 - $54,843). 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 material. A significant portion of receivables at year end relates to the Public Service Bodies Rebate.

Liquidity risk

The Organization does have a liquidity risk in the accounts payable and accrued liabilities of $83,833 (2023 - $112,104). 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 material.

# A ROCHA CANADA
## SCHEDULES TO THE FINANCIAL STATEMENTS
### Year ended April 30, 2024

**Schedule of fundraising (unaudited)** **Schedule 1**

| | | 2024 | | 2023 |
|---|---|---|---|---|
| Wages and salaries | $ | **99,003** | $ | 231,617 |
| Other fundraising | | **5,604** | | 6,420 |
| Materials and supplies | | **10,000** | | 16,351 |
| Travel and transportation | | **300** | | 1,050 |
| | $ | **114,907** | $ | **255,438** |

**Schedule of administration and management (unaudited)** **Schedule 2**

| | | 2024 | | 2023 |
|---|---|---|---|---|
| Wages and salaries | $ | **124,734** | $ | 192,957 |
| Training and development | | **6,664** | | 6,369 |
| Office services, supplies and equipment | | **98,154** | | 106,078 |
| Interest and bank charges | | **15,193** | | 14,693 |
| Office supplies and miscellaneous | | **1,697** | | 6,664 |
| | $ | **246,442** | $ | **326,761** |

**Schedule of programming costs (unaudited)** **Schedule 3**

| | | 2024 | | 2023 |
|---|---|---|---|---|
| Wages and salaries | $ | **2,562,564** | $ | 2,083,863 |
| Training and development | | **18,855** | | 31,451 |
| Centre costs | | **146,041** | | 116,089 |
| Materials and equipment | | **286,104** | | 270,881 |
| Travel and transportation | | **42,519** | | 61,855 |
| Grants | | **35,000** | | 115,000 |
| Interest and bank charges | | **14,418** | | 12,274 |
| | $ | **3,105,501** | $ | **2,691,413** |