

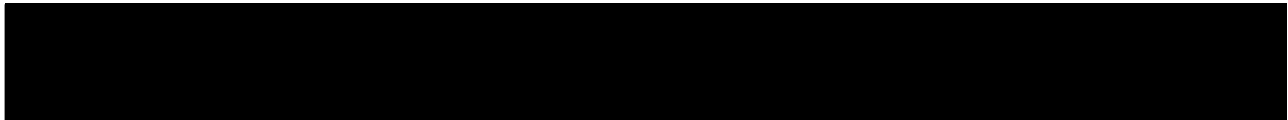


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GFA WORLD (FORMERLY GOSPEL FOR
ASIA) >

financial statements

>YEAR ENDED DECEMBER 31, 2016



GFA WORLD (FORMERLY GOSPEL FOR ASIA)>

financial statements

>YEAR ENDED DECEMBER 31, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Directors of GFA World (formerly Gospel for Asia):

Report on the Financial Statements

We have audited the accompanying financial statements of GFA World (formerly Gospel for Asia), which comprise the statement of financial position as at December 31, 2016, and the statements of operations and changes in fund balances, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

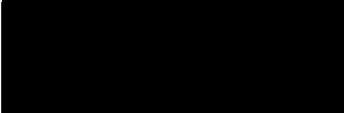
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian accounting standards for not-for-profit organizations. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of GFA World (formerly Gospel for Asia) as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



June 13, 2017

LICENSED PUBLIC ACCOUNTANTS
CHARTERED PROFESSIONAL ACCOUNTANTS



GFA WORLD (FORMERLY GOSPEL FOR ASIA)>

statement of financial position

>DECEMBER 31, 2016

	2016	2015
assets		
current		
Cash	\$ 3,443,745	\$ 4,844,840
Other investments	296,459	311,415
Government remittances recoverable	40,836	110,325
Inventory (Note 3)	98,092	98,303
Prepaid expenses	43,824	32,327
Loan receivable (Note 4)	480,606	-
Due from affiliate (Note 5)	<u>6,193</u>	<u>3,006</u>
	4,409,755	5,400,216
capital assets (Note 6)	<u>1,066,418</u>	<u>1,108,920</u>
	<u>\$ 5,476,173</u>	<u>\$ 6,509,136</u>
liabilities		
current		
Accounts payable and accrued liabilities	\$ <u>56,919</u>	\$ <u>45,577</u>
contingency (Note 8)		
fund balances		
general fund	1,226,497	1,409,198
restricted fund	3,126,339	3,945,441
capital assets	<u>1,066,418</u>	<u>1,108,920</u>
	<u>5,419,254</u>	<u>6,463,559</u>
	<u>\$ 5,476,173</u>	<u>\$ 6,509,136</u>

Approved on behalf of the board:

Director

Director

GFA WORLD (FORMERLY GOSPEL FOR ASIA)>

statement of operations and changes in fund balances

>YEAR ENDED DECEMBER 31, 2016

	general fund	restricted fund	capital asset fund	2016 total	general fund	restricted fund	capital asset fund	2015 total
revenue								
Contributions	\$ 1,667,590	\$ 9,195,584	\$ -	\$ 10,863,174	\$ 2,363,525	\$ 13,418,989	\$ -	\$ 15,782,514
GFA materials	8,873	-	-	8,873	19,662	-	-	19,662
Interest and other income	<u>22,679</u>	<u>-</u>	<u>-</u>	<u>22,679</u>	<u>28,040</u>	<u>-</u>	<u>-</u>	<u>28,040</u>
	<u>1,699,142</u>	<u>9,195,584</u>	<u>-</u>	<u>10,894,726</u>	<u>2,411,227</u>	<u>13,418,989</u>	<u>-</u>	<u>15,830,216</u>
expenses								
Administration	588,738	-	-	588,738	733,449	-	-	733,449
Advertising and promotion	195,149	-	-	195,149	372,875	-	-	372,875
Amortization	-	-	45,942	45,942	-	-	51,772	51,772
Bank charges and interest	177,168	-	-	177,168	196,981	-	-	196,981
Communication	237,950	-	-	237,950	334,945	-	-	334,945
Occupancy	73,294	-	-	73,294	78,293	-	-	78,293
Travel	40,596	-	-	40,596	90,022	-	-	90,022
Wages and salaries	565,508	-	-	565,508	626,950	-	-	626,950
Religious programs	-	1,602,350	-	1,602,350	-	4,849,646	-	4,849,646
Social programs	<u>-</u>	<u>8,412,336</u>	<u>-</u>	<u>8,412,336</u>	<u>-</u>	<u>6,280,795</u>	<u>-</u>	<u>6,280,795</u>
	<u>1,878,403</u>	<u>10,014,686</u>	<u>45,942</u>	<u>11,939,031</u>	<u>2,433,515</u>	<u>11,130,441</u>	<u>51,772</u>	<u>13,615,728</u>
excess of revenue over expenses for year	(179,261)	(819,102)	(45,942)	(1,044,305)	(22,288)	2,288,548	(51,772)	2,214,488
balance, beginning of year	1,409,198	3,945,441	1,108,920	6,463,559	1,431,486	1,656,893	1,160,692	4,249,071
Investment in capital assets	<u>(3,440)</u>	<u>-</u>	<u>3,440</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
balance, end of year	<u>\$ 1,226,497</u>	<u>\$ 3,126,339</u>	<u>\$ 1,066,418</u>	<u>\$ 5,419,254</u>	<u>\$ 1,409,198</u>	<u>\$ 3,945,441</u>	<u>\$ 1,108,920</u>	<u>\$ 6,463,559</u>

GFA WORLD (FORMERLY GOSPEL FOR ASIA)>

statement of cash flows

>YEAR ENDED DECEMBER 31, 2016

	2016	2015
operating activities		
Excess of revenue over expenses for year	\$(1,044,305)	\$ 2,214,488
Adjustments for:		
Amortization	<u>45,942</u>	<u>51,772</u>
	(998,363)	2,266,260
Changes in non-cash working capital:		
Decrease in government remittances recoverable	69,489	6,663
Decrease in inventory	211	(5,837)
Increase in prepaid expenses	(11,497)	(1,396)
Increase in loan receivable	(480,606)	-
Increase in due from affiliate	(3,187)	(6,196)
Increase in accounts payable	<u>11,343</u>	<u>(8,419)</u>
	<u>(1,412,610)</u>	<u>2,251,075</u>
investing activities		
Purchase of capital assets	(3,441)	-
Net increase in other investments	<u>14,956</u>	<u>(4,951)</u>
	<u>11,515</u>	<u>(4,951)</u>
Net change in cash for the year	(1,401,095)	2,246,124
Cash balance, beginning of year	<u>4,844,840</u>	<u>2,598,716</u>
cash balance, end of year	<u>\$ 3,443,745</u>	<u>\$ 4,844,840</u>

notes to financial statements

>DECEMBER 31, 2016

1. purpose of organization

The mission of GFA World (formerly Gospel for Asia), the "Charity" is to communicate the love of Jesus Christ through various means, particularly through national missionaries by providing financial support as they counsel and provide social assistance to their own people. 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.

Fund Accounting - The Charity maintains accounts in accordance with the principles of fund accounting. Fund balances of the Charity are classified for accounting and reporting purposes into the following funds to be used according to the directions of the donor or as determined by the Charity.

The General Fund reports contributions received towards the operation of the Charity that have not been designated to a separate fund or project.

The Restricted Fund accounts for the funds restricted by the donor to be spent on ministry.

The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to the Charity's capital assets.

Revenue Recognition - The Charity follows the restricted fund method of accounting for contributions.

Restricted contributions related to general operations are recognized as revenue of the General fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund, when received.

Unrestricted contributions are recognized as revenue of the General fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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

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.

notes to financial statements

>DECEMBER 31, 2016

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	2 - 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.

Financial Instruments

Measurement - The Charity initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Charity subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, due from affiliate and loan receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The Charity's financial assets measured at fair value include other investments.

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

Transaction costs - The Charity recognizes its transaction costs in excess of revenue over expenses 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.

notes to financial statements

>DECEMBER 31, 2016

Disclosure and Use of Estimates - The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations require 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 reporting period. 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, useful lives of capital assets, asset impairments and evaluation of minimum lease terms for operating leases.

3. inventory

Inventory is comprised of the following:

	2016	2015
Products for distribution	\$ <u>98,092</u>	\$ <u>98,303</u>

Inventory expensed during the period was \$211 (2015 - \$5,837).

4. loan receivable

Loan receivable bearing interest at 3% per annum, repayable March 2021.

5. due from affiliate

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

6. capital assets

	cost	accumulated amortization	net 2016	net 2015
Land	\$ 346,037	\$ -	\$ 346,037	\$ 346,037
Buildings	880,620	263,612	617,008	637,411
Furniture and fixtures	444,553	380,697	63,856	79,820
Computer and equipment	255,060	221,127	33,933	40,797
Signage	14,817	10,933	3,884	4,855
Vehicle	<u>2,000</u>	<u>300</u>	<u>1,700</u>	<u>-</u>
	<u>\$ 1,943,087</u>	<u>\$ 876,669</u>	<u>\$ 1,066,418</u>	<u>\$ 1,108,920</u>

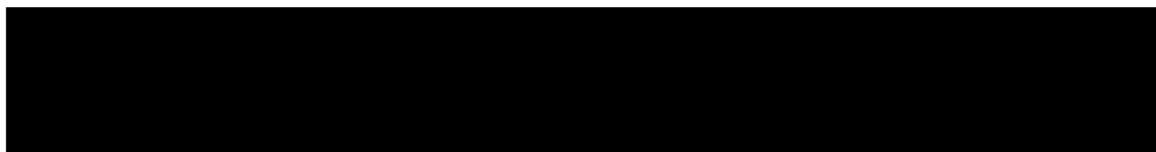
7. agency agreement

The Charity has entered into an Agency agreement with [REDACTED] for the purpose of executing their mission in field ministries.

notes to financial statements

>DECEMBER 31, 2016

8. contingency



9. financial instruments

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

Currency Risk - The Charity receives cash denominated in US dollars and is therefore exposed to foreign exchange fluctuations. As at December 31, 2016, cash of \$Nil (2015 - \$27,439) is denominated in US dollars.

Market Risk - The Charity's investments in publicly-traded securities expose the Charity to price risks as equity investments are subject to price changes in an open market. Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, equity market fluctuations and other relevant market rate or price changes. Market risk is directly influenced by the volatility and liquidity in the markets in which the underlying assets are traded. The Charity's investments are concentrated in Canada limiting the market risk associated with fluctuations in foreign currency.

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. The available operating line of credit provides flexibility in the short term to meet operational needs and bridge long term financing. The Charity's borrowing arrangements are concentrated with a single Canadian financial institution.

Interest Rate Risk - The Charity manages its portfolio of investments based on its cash flow needs and with a view of optimising its interest income. The effective interest rate on other investments during the year was 0.5%. The average interest rate at the end of the year was 0.5% with investments maturing in 2 months.

10. subsequent events

Subsequent to year end, the Charity changed its name to GFA World.