



Edward & Manning ^{LLP}
Chartered Professional Accountants

The Rhema Foundation - Canada

Financial Statements

December 31, 2021



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Independent Auditors' Report

To the Members of
The Rhema Foundation - Canada

Qualified Opinion

We have audited the accompanying financial statements of The Rhema Foundation - Canada, which comprise the statement of financial position as at December 31, 2021 and the statements of operations and net assets, cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of The Rhema Foundation - Canada as at December 31, 2021, and the results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the Organization derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether, as at and for the year ended December 31, 2021, any adjustments might be necessary to revenues, deficiency of revenue over expenses, assets and net assets.

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 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 opinion.



Independent Auditors' Report

continued

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 Rhema Foundation - Canada'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing The Rhema Foundation - Canada'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 auditors' 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.



Independent Auditors' Report

continued

- 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 The Rhema Foundation - Canada'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 Rhema Foundation - Canada's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause The Rhema Foundation - Canada 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.

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.

Edward & Manning LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
May 24, 2022

The Rhema Foundation - Canada


Statement of Financial Position

As At December 31, 2021

	Note	2021	2020
Assets			
Current Assets			
Cash		\$ 246,833	\$ 33,144
Amounts receivable		7,402	7,402
Government taxes recoverable		4,502	8,926
Prepaid expenses		1,912	1,694
Total Current Assets		260,649	51,166
Capital assets	(4)	4,843	9,020
Total Assets		\$ 265,492	\$ 60,186
Liabilities and Net Assets			
Current Liabilities			
Accounts payable and accrued liabilities		\$ 122,961	\$ 8,651
Deferred contributions	(5)	226,880	50,000
Total Current Liabilities		349,841	58,651
Net Assets			
Unrestricted net assets (deficit)		(84,349)	1,535
Total Liabilities and Net Assets		\$ 265,492	\$ 60,186

Approved on Behalf of the Board:


_____, Director


_____, Director

The accompanying notes are an integral part of these financial statements.

The Rhema Foundation - Canada

Statement of Operations and Net Assets

For the Year Ended December 31, 2021

		2021	2020
Revenue			
Grants	(5) \$	28,875	\$ 41,653
Other revenue		20,080	-
Fundraising and donations	(7)	10,161	145,055
Events		-	1,060
Total Revenue		59,116	187,768
Operating expenditures			
Consultants and contractors		86,874	93,147
Professional fees		36,599	4,695
Salaries and wages		8,245	24,311
Amortization of capital assets		4,176	5,063
Events and projects		3,428	25,192
Office and general		3,168	1,573
Insurance		1,089	577
Telephone		916	888
Interest and bank charges		505	1,656
Advertising and promotion		-	243
Grants and scholarships		-	10,165
Total operating expenses		145,000	167,510
Excess (deficiency) of revenue over expenditures for the year		(85,884)	20,258
Net assets (deficit), beginning of year		1,535	(18,723)
Net assets (deficit), end of year		\$ (84,349)	\$ 1,535

The accompanying notes are an integral part of these financial statements.

The Rhema Foundation - Canada

Statement of Cash Flows

For the Year Ended December 31, 2021

	2021	2020
Cash flows from operations:		
Excess (deficiency) of revenues over expenses for the year	\$ (85,884)	\$ 20,258
Amortization	4,176	5,063
Increase in amounts receivable	-	(6,462)
Decrease (Increase) in government taxes recoverable	4,425	(4,700)
Increase in prepaid expenses	(218)	(585)
Increase in accounts payable and accrued liabilities	114,310	5,714
Decrease in deposits held	-	(62,488)
Increase in deferred contributions	176,880	40,625
Total net cash flows from operations	213,689	(2,575)
Cash flows from investing activities:		
Purchase of capital assets	-	(11,860)
Cash used in investing activities	-	(11,860)
Net cash increase (decrease) during the year	213,689	(14,435)
Cash at beginning of year	33,144	47,579
Cash at end of year	\$ 246,833	\$ 33,144

The accompanying notes are an integral part of these financial statements.

The Rhema Foundation - Canada

Notes to the Financial Statements

For the Year Ended December 31, 2021

(1) About The Rhema Foundation - Canada

The Rhema Foundation - Canada (the "Foundation") is a not-for-profit organization incorporated in Ontario without share capital on March 23, 2007. The Foundation is committed to changing and affecting lives locally in Canada and around the world. In 2015 the Foundation began to focus on three areas: Human Settlement, Health and Well-Being and Strengthening the Family Unit. The Foundation's commitment to excellence and guiding principles, brings a unique transformative experience to life for every person through every initiative.

As a registered charity, the Foundation is exempt from income tax under Section 149(1) of the Income Tax Act.

(2) Basis of preparation

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

(3) Significant accounting policies

(a) Capital assets

Amortization is provided for over the estimated useful lives as follows for the major classes of assets:

Furniture and equipment	20% declining balance method
Computer equipment	Straight-line over 3 years

(b) Revenue recognition

The Foundation's principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

- i) Unrestricted contributions are recognized as revenue when they are received or receivable if the amount received can be reasonably estimated and collection is reasonably assured.
- ii) Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

(c) Financial instruments and risk management

Financial assets and liabilities are carried at cost, which approximates their fair value. It is management's opinion that the Foundation is not exposed to significant risk relating to financial instruments.

(d) Use of estimates

The preparation of the 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and may have impact on future periods.

The Rhema Foundation - Canada

Notes to the Financial Statements

For the Year Ended December 31, 2021

(3) Significant accounting policies

(e) Related parties

Parties are considered related to the Foundation if the Foundation has the ability to, directly or indirectly, control the party or exercise significant influence over the party in making financial and operating decisions or vice versa, or where the Foundation and the party are subject to common control or common significant influence. Related parties may be either entities or individuals. Related party transactions are recorded at fair value.

(f) Donated services

Volunteers contribute a significant number of hours to the Foundation in carrying out its service delivery, administration and Board activities. Since these services are not purchased by the Foundation, such contributed services are not recognized in the financial statements.

(4) Capital assets

Capital assets consist of the following:

			2021	2020
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Furniture and equipment	\$ 5,545	\$ (4,656)	\$ 889	\$ 1,113
Computer equipment	16,843	(12,889)	3,954	7,907
Total	\$ 22,388	\$ (17,545)	\$ 4,843	\$ 9,020

(5) Deferred contributions

The details of grants received and recognized as revenue in the year is as follows:

	2021	2020
Deferred contributions - beginning of year	\$ 50,000	\$ 9,375
Grants received during the year	320,755	82,278
Grant proceeds recognized as revenue	(28,875)	(41,653)
Grant proceeds unspent as at expiry of spending period	(115,000)	-
Deferred contributions - end of year	\$ 226,880	\$ 50,000

The Rhema Foundation - Canada

Notes to the Financial Statements

For the Year Ended December 31, 2021

(6) Financial instruments and risk

The Foundation does not face significant credit, currency, interest rate, liquidity or market risk exposure. The fair values of items that meet the definition of financial instruments approximate their carrying values. These items include cash, amounts receivable, prepaid expenses, and accounts payable and accrued liabilities.

Exposure to credit risk

The Foundation is exposed to normal credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations.

The maximum exposure to credit risk, as represented by the carrying amount of the financial assets, was:

	2021	2020
Cash	\$ 246,833	\$ 33,144
Amounts receivable	7,402	7,402
Prepaid expenses	1,912	1,694
Government taxes recoverable	4,502	8,926
Total	\$ 260,649	\$ 51,166

(7) Related party transactions

The Foundation received donations in the amount of \$ NIL (2020 - \$115,594) from Rhema Christian Ministries Canada Inc., related by virtue of common directors. These donations were in the normal course of operations and were measured at the exchange amount.