

TRANS WORLD RADIO CANADA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

**TRANS WORLD RADIO CANADA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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INDEPENDENT AUDITOR'S REPORT

To the Members and Directors of Trans World Radio Canada

Opinion

We have audited the accompanying financial statements of Trans World Radio Canada (the "Organization"), which comprise the Statement of Financial Position as at December 31, 2022, and the Statements of Operations and Change 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 Trans World Radio Canada as at December 31, 2022, 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 of 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 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 Organization's ability to continue as a going concern, disclosing, as applicable, matters relating 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.
- 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.

April 25, 2023
London, Canada

Scrimgeour & Company
LICENSED PUBLIC ACCOUNTANT

**TRANS WORLD RADIO CANADA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022**

	Missionary Support Fund	Specific Projects Fund	Board Restricted Fund	General Fund	2022 Total	2021 Total
ASSETS						
Current Assets						
Cash and short-term investments (note 1.g)	\$ 23,416	\$ 2,157,879	\$ 252,272	\$ 1,710,068	\$ 4,143,635	\$ 3,204,357
Accounts receivable	-	-	-	19,402	19,402	16,125
Prepaid expenditures	-	-	-	136,418	136,418	21,010
	23,416	2,157,879	252,272	1,865,888	4,299,455	3,241,492
Property, plant and equipment (note 1.b), (note 2)	-	928,935	-	1,380,237	2,309,172	2,380,443
TOTAL ASSETS	\$ 23,416	\$ 3,086,814	\$ 252,272	\$ 3,246,125	\$ 6,608,627	\$ 5,621,935
LIABILITIES AND NET ASSETS						
Current Liabilities						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 157,796	\$ 157,796	\$ 150,743
Missionary and project support for future	-	-	-	1,476,496	1,476,496	222,933
Demand loan (note 6)	-	-	-	50,000	50,000	50,000
	-	-	-	1,684,292	1,684,292	423,676
Deferred capital contributions (note 7)	-	933,590	-	1,234,289	2,167,879	2,213,352
	-	933,590	-	2,918,581	3,852,171	2,637,028
Net assets (page 4)	23,416	2,153,224	252,272	327,544	2,756,456	2,984,907
TOTAL LIABILITIES AND NET ASSETS	\$ 23,416	\$ 3,086,814	\$ 252,272	\$ 3,246,125	\$ 6,608,627	\$ 5,621,935

Approved on behalf of Board:

C. Samuels
TREASURER

Approved on behalf of Board:

Phil Lapwood
CHAIRMAN

The accompanying notes are an integral part of the financial statements

**TRANS WORLD RADIO CANADA
STATEMENT OF OPERATIONS AND CHANGE IN NET ASSETS
AS AT DECEMBER 31, 2022**

	Missionary Support Fund	Specific Projects Fund	Board Restricted Fund	General Fund	2022 Total	2021 Total
REVENUES						
Donations	\$ 424,571	\$ 1,781,577	\$ 231,634	\$ 1,315,479	\$ 3,753,261	\$ 3,856,730
Interest and other revenue	-	7,602	-	29,179	36,781	21,646
Wage subsidy (note 12)	-	-	-	-	-	231,506
Unrealized loss on investment (note 1.g.)	-	-	-	(134,815)	(134,815)	-
	424,571	1,789,179	231,634	1,209,843	3,655,227	4,109,882
EXPENDITURES						
Ministry - program expenditures	536,769	2,075,572	-	552,872	3,165,213	3,133,412
Public awareness	-	-	-	308,522	308,522	230,489
Administrative (note 8)	-	-	-	409,943	409,943	371,270
	536,769	2,075,572	-	1,271,337	3,883,678	3,735,171
EXCESS OF REVENUES OVER EXPENDITURES						
(EXPENDITURES OVER REVENUES)	(112,198)	(286,393)	231,634	(61,494)	(228,451)	374,711
Inter- Fund transfer (note 4)	22,526	264,163	(271,052)	(15,637)	-	-
NET ASSETS, BEGINNING OF YEAR	113,088	2,175,454	291,690	404,675	2,984,907	2,610,196
NET ASSETS, END OF YEAR (note 10)	\$ 23,416	\$ 2,153,224	\$ 252,272	\$ 327,544	\$ 2,756,456	\$ 2,984,907

The accompanying notes are an integral part of the financial statements

**TRANS WORLD RADIO CANADA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	2022	2021
OPERATING ACTIVITIES		
Revenues over expenditures (expenditures over revenues) (page 4)	\$ (228,451)	\$ 374,711
Amortization	99,947	100,038
	(128,504)	474,749
OTHER ITEMS NOT INVOLVING CASH		
Decrease (increase) in accounts receivable	(3,277)	(3,058)
Decrease (increase) in prepaid expenses	(115,408)	67,384
Increase (decrease) in accounts payable and accrued liabilities	7,053	(12,316)
Increase (decrease) in missionary and project support for future	1,253,563	97,622
Increase (decrease) in deferred capital contributions	(45,473)	(45,473)
	967,954	578,908
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment (disposal)	(28,676)	(2,598)
	(28,676)	(2,598)
FINANCING ACTIVITIES		
Increase (decrease) in demand loan	-	50,000
	-	50,000
Increase in cash and short-term investments	939,278	626,310
Cash and short-term investments, beginning of year	3,204,357	2,578,047
CASH AND SHORT-TERM INVESTMENTS, END OF YEAR	\$ 4,143,635	\$ 3,204,357

The accompanying notes are an integral part of the financial statements

**TRANS WORLD RADIO CANADA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Trans World Radio Canada (the Organization) was formed by Memorandum of Association on March 4, 1973 and registered as a Canadian charitable organization at that time. The Organization is exempt from income tax pursuant to Section 149 (1)(f) of the Income Tax Act, Canada. On June 15, 1983 the Organization was incorporated without share capital by virtue of Part II of the Canada Corporations Act. On June 24, 2014, the Organization was granted a Certificate of Continuance under the Canada Not-for-profit Corporations Act.

The Organization is an independent faith mission of evangelical persuasion. The purpose of the Organization is to assist the Church to fulfil the command of Jesus Christ to make disciples of all peoples, and to do so by using and making available mass media to:

- Proclaim the gospel of salvation to as many people as possible;
- Instruct believers in biblical doctrine and daily Christlike living; and
- Model our message through our corporate and cooperative relationships.

The Organization works closely with Trans World Radio mission organizations in other countries. The primary concern of these organizations is to proclaim the Gospel of our Lord and Saviour Jesus Christ in areas of the world where other forms of Christian witness are not freely permitted. The Organization also supports the work of evangelization and Christian nurture in countries where church activity is permissible. Together these organizations speak the Gospel in more than 300 languages and dialects on air, online and on the ground in 190 countries.

1. Summary of significant accounting policies

The accounting policies of the Organization are in accordance with accounting principles appropriate for not-for-profit organizations. Those policies that are considered to be significant are outlined below:

a. Fund accounting

The Organization uses fund accounting. The Missionary Support Fund represents the payment of living allowances and other expenditures of those serving with the Organization abroad. The Specific Projects Fund is to track the contributions received for and expended on specific ministry projects. The Board Restricted Fund reflects legacies received that are retained herein awaiting determination of disposition by the Board of Directors. The General Fund reflects resources that have not been designated for a specific purpose and are available for Mission use.

b. Property, plant and equipment

The Organization amortizes its property, plant and equipment on a straight-line basis which will fully amortize the assets over their estimated useful lives. The amortization is pro-rated monthly in the year of acquisition. Property, plant and equipment are amortized as follows:

Building	25 years straight line
Computer hardware and software	3 years straight line
Furniture, fixtures and equipment	5 years straight line

**TRANS WORLD RADIO CANADA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

1. Summary of significant accounting policies continued

c. Revenue recognition

Donations are recorded as income when the cash is received or when the ownership of the donation is transferred to the Organization. Non-cash gifts are recorded at estimated fair market value at the time of donation. Donation of services are not reflected in the financial statements. Other income is recorded as it is earned and its collection is reasonably assured.

Deferred revenue (missionary and project support for future years) represents donations received during the current year for use in funding specific future projects and capital expenditures in subsequent years.

Deferred capital contributions received towards property, plant and equipment are deferred and recognized in income on the same basis as the property, plant and equipment are amortized.

d. Expenditures

Expenditures are recorded when incurred in accordance with the accrual basis of accounting. All expenditures have been classified and reported in one the following categories:

- i. Ministry - Program Expenditures: resources expended on the Canadian and international ministry for the broadcasting of the Gospel of Jesus Christ.
- ii. Public Awareness: resources expended to inform the public about the accomplishments, plans and needs of the Organization.
- iii. Administrative: resources expended for the support of the broadcasting ministry for the operation of the London, Ontario office.

e. Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 the reported amounts of revenue and expenditures during the period. Actual results could differ from these estimates.

f. Foreign currency transactions

The Organization follows the temporal method of foreign exchange to translate its foreign currency balances and transactions as defined by Canadian accounting standard 1651. Monetary assets and liabilities denominated in foreign currencies are translated at the prevailing rates of exchange at the financial statement date. Revenue and expenditures are translated at the exchange rates prevailing on the transaction dates. All foreign exchange realized and unrealized gains and losses are included in earnings.

**TRANS WORLD RADIO CANADA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

1. Summary of significant accounting policies continued

g. Financial instruments

The Organization initially measures its financial assets and liabilities at fair value. The Organization subsequently measures all its financial assets and liabilities at amortized cost except for cash and cash equivalents which are measured at fair value. Changes in fair value are recognized in the Statement of Operations and Change in Net Assets.

The fair values of the short-term investments are determined from quoted market prices and gains and losses are included in investment income. Unrealized gains and losses are valued at the date of the Statement of Financial Position and realized gains and losses are valued on the date of sale of the investment. During the year ended December 31, 2022, the Organization recognized unrealized losses on its investments of \$134,815.

Interest income and dividends are included in investment income as they accrue.

h. Properties held in trust

Through various trust agreements the Organization owns three properties for the purpose of conducting ongoing ministry activities in two limited access countries. These properties are expensed in the Organization's records in the year the expenditures occur as a reliable market does not exist which would ensure any future benefit to the Organization. The Organization is working to complete the transfer of the legal title of two of these properties to the Organization.

2. Property, plant and equipment

Property, plant and equipment consist of the following:

	Cost	Accumulated Amortization	2022	2021
Land	\$ 371,556	\$ -	\$ 371,556	\$ 371,556
Building	2,328,893	(425,859)	1,903,034	1,996,190
Computer hardware and software	69,139	(56,314)	12,825	9,235
Furniture, fixtures and equipment	26,763	(5,006)	21,757	3,462
	\$ 2,796,351	\$ (487,179)	\$ 2,309,172	\$ 2,380,443

**TRANS WORLD RADIO CANADA
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3. Related parties

The Organization routinely conducts business with Trans World Radio International, a related party located in the United States. The Organization received \$172,613 (2021 - \$121,650) in missionary and project support from Trans World Radio International which are included in revenues.

The Organization sent funds to Trans World Radio International for missionary and project support amounting to \$874,284 (2021 - \$713,582) which are included in expenditures.

At December 31, 2022, the Organization owes Trans World Radio International \$33,681 (2021 - \$46,387). This amount is included in accounts payable and accrued liabilities. These balances are repaid on a regular basis.

4. Transfer to (from) other funds

The Board of Directors approves all transfer of resources between funds.

5. Credit facilities

The Organization has the following credit facilities with its financial institution:

- i. Demand loan up to \$600,000 to assist in the purchase of the real property at 815 Shelborne Street, London, Ontario. This credit facility is still in place.
- ii. Operating credit line of \$50,000 that is available at the Organization's request at prime interest rate plus 1%. This loan is to facilitate any working capital requirements. At December 31, 2022, there is no outstanding balance.

Security for the credit facilities are a General Security Agreement and the real property at 815 Shelborne Street, London, Ontario.

6. Demand loan

During the year, the Organization entered into a loan agreement for \$50,000. Interest is payable yearly at 1%. The loan will be forgiven upon the death or disability of the lender. The loan is repayable in full or in part within 30 days of the lender providing the Organization with written notice of demand.

**TRANS WORLD RADIO CANADA
NOTES TO THE FINANCIAL STATEMENTS
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7. Deferred capital contributions

Deferred capital contributions represents donations received specific to the purchase and renovations of the ministry buildings in Markham (Chinese Ministry Centre) and London (Canadian Ministry Centre). These capital contributions will be recognized in income over 25 years, which is the same basis as amortization is provided for the related buildings.

Once these building project funds have been depleted to fund the ongoing amortization, the Organization will recognize the deferred capital contributions as revenue on the remaining life of the buildings.

The deferred capital contributions consist of the following:

	2022	2021
London	\$ 1,234,289	\$ 1,234,289
Markham	933,590	979,063
	\$ 2,167,879	\$ 2,213,352

8. Administrative expenditures

The administrative expenditures consist of the following:

	2022	2021
Salaries and benefits	\$ 164,138	\$ 179,077
General office	123,816	111,782
Board expenditures	16,783	3,174
Professional fees	17,805	8,048
Postage	6,315	8,434
Travel	1,019	385
Communication	5,896	5,126
Financial charges	48,475	29,108
Amortization	25,696	26,136
	\$ 409,943	\$ 371,270

Financial charges includes foreign currency (gains) losses.

**TRANS WORLD RADIO CANADA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

9. Funds held for specific projects

Funds held for specific projects consist of the following:

	2022	2021
Ministries:		
Persian	\$ 393,258	\$ 358,768
Discipleship Essentials	236,934	221,371
Chinese	333,295	350,245
Canadian Ministry Centre	235,272	134,212
TWR Women of Hope	163,349	118,399
Bible Stories Alive	30,447	18,581
First term field worker assistance	22,660	22,660
Other board approved projects	84,122	112,138
Other specific designated projects (27 individual projects)	653,887	839,080
	\$ 2,153,224	\$ 2,175,454

10. Capital management

Capital is comprised of the Organization's fund balances which includes the Missionary Support, Special Projects, Board Restricted and General Funds. At December 31, 2022, the Organization's fund balances totaled \$2,756,456 (2021 - \$2,984,907). The Board of Directors of the Organization have approved and implemented the TWR Canada Strategic Plan 2021-2023 which includes the use of non-designated funds.

The Organization's objectives with respect to capital management are to protect its ability to meet its financial obligations and ensure the long-term strength and stability of the Organization. The Board of Directors and management develops the capital strategy and oversees the capital management of the Organization.

11. Financial instrument risk management

The following details the nature and extent of risks arising from financial instruments to which the Organization is exposed.

a. Credit risk

Credit risk is the risk of financial loss if a debtor fails to make payment to the Organization. The Organization has limited their exposure to material credit risk through holding low-risk debt in its investment portfolio and through the short-term nature of its accounts receivable.

There have been no significant changes from previous periods in the exposure to currency risk nor any significant changes policies, procedures and methods used to measure the risk which management has assessed to be low.

**TRANS WORLD RADIO CANADA
NOTES TO THE FINANCIAL STATEMENTS
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11. Financial instrument risk management continued

b. Market value

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk and equity risk.

Trans World Radio Canada's investment policy statement attempts to minimize market risk through portfolio diversification and asset mix flexibility while excluding the use of equity securities. The primary vehicle for the investment program is bonds and money market instruments.

Management monitors the application and adherence to the investment policy for managing market risk which management has assessed as low.

i. Currency risk

The Organization's currency risk (or foreign exchange risk) is the risk posed by an exposure to unanticipated changes in the exchange rate between two currencies. Currency risk is monitored by management on an on-going basis.

There have been no significant changes from previous periods in the exposure to currency risk nor any significant changes to policies, procedures and methods used to measure the risk which management has assessed as low.

ii. Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments due to changes in market interest rates.

The Organization is exposed to this risk through its interest bearing investments, which include guaranteed investment certificates.

There have been no significant changes, from the previous period, in the exposure to interest rate risk, nor any significant changes to policies, procedures and methods used to measure the risk which management has assessed as low.

iii. Equity risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Organization's exposure is limited to its trust investment holdings, which are not controlled by management.

The Organization does not invest in the equity market and therefore is not exposed to this risk.

**TRANS WORLD RADIO CANADA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

11. Financial instrument risk management continued

c. Liquidity risk

The Organization's liquidity risk represents the risk that the Organization could encounter difficulty in meeting obligations associated with its financial liabilities. The Organization is, therefore, exposed to liquidity risk with respect to its accounts payable and accrued liabilities.

12. Significant Event

In March of 2020, the Province of Ontario declared a state of emergency in response to the COVID-19 virus. In 2021, the Organization received Canada Emergency Wage Subsidy of \$231,506. It is unclear what financial impact the COVID-19 virus will have on future operations of the Organization. The Board and management are continuing to monitor the situation.
