

WORLD ASSOCIATION FOR CHRISTIAN COMMUNICATION

Financial Statements

Year Ended December 31, 2024

Draft for discussion purposes only

WORLD ASSOCIATION FOR CHRISTIAN COMMUNICATION

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Year Ended December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Members of World Association for Christian Communication

Opinion

I have audited the financial statements of World Association for Christian Communication (the Organization), which comprise the statement of financial position as at December 31, 2024, and the statements of changes in fund balances, revenues and expenditures and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2024, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO)

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Organization in accordance with ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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.

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

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

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Independent Auditor's Report to the Members of World Association for Christian Communication (*continued*)

- 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

Mississauga, Ontario

Chartered Professional Accountants
Authorized to practise public accounting by
the Chartered Professional Accountants of Ontario

WORLD ASSOCIATION FOR CHRISTIAN COMMUNICATION

Statement of Financial Position

December 31, 2024

	Operations	Capital	Restricted	2024	2023
ASSETS					
CURRENT					
Cash	\$ 516,584	\$ -	\$ 113,976	\$ 630,560	\$ 780,194
Accounts receivable	3,415	-	-	3,415	23,900
Prepaid expenditure	20,719	-	-	20,719	12,643
Due from related party (Note 4)	11,133	-	-	11,133	-
Sales taxes receivable	22,313	-	-	22,313	18,217
	574,164	-	113,976	688,140	834,954
CAPITAL ASSETS (Note 3)	-	3,567	-	3,567	4,360
	\$ 574,164	\$ 3,567	\$ 113,976	\$ 691,707	\$ 839,314
LIABILITIES					
CURRENT					
Accounts payable	\$ 33,301	\$ -	\$ -	\$ 33,301	\$ 32,419
Government remittances payable	10,326	-	-	10,326	7,206
Due to related party (Note 4)	-	-	-	-	96,627
	43,627	-	-	43,627	136,252
FUND BALANCES	530,537	3,567	113,976	648,080	703,062
	\$ 574,164	\$ 3,567	\$ 113,976	\$ 691,707	\$ 839,314

ON BEHALF OF THE BOARD

_____ Mr. Juha Rajamaki - Treasurer

_____ Mr. Philip Lee - General Secretary

See notes to financial statements

WORLD ASSOCIATION FOR CHRISTIAN COMMUNICATION

Statement of Changes in Fund Balances

Year Ended December 31, 2024

	Operations	Capital	Restricted (Note 5)	2024	2023
FUND BALANCES - BEGINNING OF YEAR					
As previously reported	\$ 549,234	\$ 4,359	\$ 149,469	\$ 703,062	\$ 707,206
Change in accounting policy to restricted fund method (Note 6)	-	-	-	-	149,469
As restated	549,234	4,359	149,469	703,062	856,675
Deficiency of revenues over expenditures	(18,697)	(792)	(35,493)	(54,982)	(153,613)
FUND BALANCES - END OF YEAR	\$ 530,537	\$ 3,567	\$ 113,976	\$ 648,080	\$ 703,062

See notes to financial statements

WORLD ASSOCIATION FOR CHRISTIAN COMMUNICATION

Statement of Revenues and Expenditures

Year Ended December 31, 2024

	Operations	Capital	Restricted (Note 5)	2024	2023
REVENUES					
Bread for the World - core budget grant	\$ 676,366	\$ -	\$ -	\$ 676,366	\$ 622,134
Bread for the World - CAP	3,871	-	636,508	640,379	570,918
Project partner co-funding revenue	-	-	169,538	169,538	216,504
Cost recovery and other income	312,634	-	-	312,634	283,043
Aqueduct foundation grant (Note 4)	225,000	-	-	225,000	128,919
Evangelical Lutheran Church in America grant	-	-	176,309	176,309	10,765
The Primate's World Relief and Development Fund grant	-	-	102,306	102,306	105,157
Rental and hosting revenue	15,606	-	-	15,606	51,808
Media subscription	131	-	-	131	100
UNESCO (GAMAG IPDC Grant)	-	-	-	-	37,778
United Church of Canada grant	-	-	-	-	4,000
Other grants	-	-	-	-	4,954
	<u>1,233,608</u>	<u>-</u>	<u>1,084,661</u>	<u>2,318,269</u>	<u>2,036,080</u>
EXPENDITURES					
Bread for the World - CAP	-	-	687,936	687,936	464,181
Program support and overhead (Note 7)	801,129	792	-	801,921	755,849
Project partner co-funding expenditures	-	-	169,538	169,538	216,504
Advocacy and capacity building	-	-	161,983	161,983	10,945
Management (Note 7)	163,807	-	-	163,807	154,549
Fundraising activities (Note 7)	150,539	-	-	150,539	142,031
Governance (Note 7)	114,810	-	-	114,810	108,321
Networking and public outreach	22,020	-	-	22,020	81,815
The Primate's World Relief and Development Fund	-	-	100,697	100,697	106,030
	<u>1,252,305</u>	<u>792</u>	<u>1,120,154</u>	<u>2,373,251</u>	<u>2,040,225</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	\$ (18,697)	\$ (792)	\$ (35,493)	\$ (54,982)	\$ (4,145)

See notes to financial statements

WORLD ASSOCIATION FOR CHRISTIAN COMMUNICATION

Statement of Cash Flows

Year Ended December 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Deficiency of revenues over expenditures	\$ (54,982)	\$ (4,145)
Item not affecting cash:		
Amortization of capital assets	<u>792</u>	<u>1,599</u>
	<u>(54,190)</u>	<u>(2,546)</u>
Changes in non-cash working capital:		
Accounts receivable	20,485	(23,340)
Accounts payable	883	(3,419)
Deferred revenue	-	(800,329)
Prepaid expenditure	(8,076)	7,744
Sales taxes receivable	(4,096)	101
Government remittances payable	3,120	2,829
Due from related party	<u>(107,760)</u>	<u>(74,388)</u>
	<u>(95,444)</u>	<u>(890,802)</u>
DECREASE IN CASH	(149,634)	(893,348)
Cash - beginning of year	<u>780,194</u>	<u>1,673,542</u>
CASH - END OF YEAR	\$ 630,560	\$ 780,194

See notes to financial statements

WORLD ASSOCIATION FOR CHRISTIAN COMMUNICATION

Notes to Financial Statements

Year Ended December 31, 2024

1. PURPOSE OF THE ORGANIZATION

World Association for Christian Communication (the "Organization") is a not-for-profit organization incorporated federally and continued under the Canada Not-for-profit Corporations Act. As a registered charity the Organization is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Organization, with its international influence, promotes communication for all as a basic human right, essential to people's dignity and community. Rooted in the Christian faith, the Organization works with all those denied the right to communicate because of status, identity or gender. It advocates full access to information and communication, and promotes open and diverse media. It strengthens the network of communicators to advance peace, understanding and justice.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Fund accounting

World Association for Christian Communication adopted the restricted fund method of accounting for contributions. See *Note 6*.

The Operations Fund accounts for the Organization's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Capital Fund reports the assets, liabilities, revenues and expenditures related to World Association for Christian Communication's capital assets and building expansion campaign.

The Long Term Investment Fund reports the assets, liabilities, revenues, and expenditures related to World Association for Christian Communication's long term investments. This Fund was not in use during the year.

The Restricted Fund reports assets, liabilities, revenues and expenditures related to the restricted grant program.

Revenue recognition

World Association for Christian Communication adopted the restricted fund method of accounting for contributions. See *Note 6*.

Restricted contributions related to general operations are recognized as revenue of the Operations Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

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

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WORLD ASSOCIATION FOR CHRISTIAN COMMUNICATION

Notes to Financial Statements

Year Ended December 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Computer equipment and software	33%	declining balance method
Furniture and equipment	10 years	straight-line method
Leasehold improvements	term of the lease	straight-line method

The Organization regularly reviews its capital assets to eliminate obsolete items.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Contributed services

The operations of the Organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates prevailing at the balance sheet date. Revenues and expenditures are translated from foreign currencies at the exchange rates prevailing on the transaction date. Any resulting gains or losses are included in income for the year.

Pension Cost

The Organization contributes to the Pension Plan of The United Church of Canada which is a multi-employer career average pay contributory pension plan. The plan covers substantially all of the Organization's employees. The pension expense for the year includes current service costs.

3. CAPITAL ASSETS

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Computer equipment and software	\$ 87,676	\$ 87,676	\$ -	\$ -
Furniture and equipment	169,445	165,878	3,567	4,360
	\$ 257,121	\$ 253,554	\$ 3,567	\$ 4,360

WORLD ASSOCIATION FOR CHRISTIAN COMMUNICATION

Notes to Financial Statements Year Ended December 31, 2024

4. RELATED PARTIES

	2024	2023
<u>Related party transactions</u>		
Aqueduct Foundation		
<i>(Aqueduct Foundation manages a fund that is controlled by the Organization)</i>		
Aqueduct foundation grant	\$ 225,000	\$ 128,919

Aqueduct Foundation is a registered charity under the Income Tax Act and is the sole trustee of a Fund controlled by the Organization. The purpose of the Fund is to make annual grants of income and/or capital to qualified donees. Grants are distributed based on advice from the General Secretary and the Financial Controller of the Organization who are required to consult with the President and Treasurer or, if one of them is not available, the Vice President or Secretary before distributing the grant. See *Note 11* below.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Due from / to related party

	2024	2023
Current portion due from related party		
Due from WACC UK	\$ 11,133	\$ -
Current portion due to related party		
Due to WACC UK	\$ -	\$ 96,627

The Organization is a member of WACC UK and share a majority of the same board members. Balances due from WACC UK has no set terms of repayment, is non-interest bearing and is due on demand.

5. MOVEMENTS IN RESTRICTED FUND

	Opening Balance	Revenue	Expenditures	2024	2023
<u>Restricted fund</u>					
Bread for the					
World - CAP	\$ 106,737	\$ 636,508	\$ (687,936)	\$ 55,309	\$ 106,737
Project partner co-funding	-	169,538	(169,538)	-	-
ELCA grant	-	176,309	(161,983)	14,326	-
PWRDF grant	-	102,306	(100,697)	1,609	-
GMMP grant	36,399	-	-	36,399	36,399
GAMAG grant	1,379	-	-	1,379	1,379
Other grants	4,954	-	-	4,954	4,954
	\$ 149,469	\$ 1,084,661	\$ (1,120,154)	\$ 113,976	\$ 149,469

WORLD ASSOCIATION FOR CHRISTIAN COMMUNICATION

Notes to Financial Statements

Year Ended December 31, 2024

6. CHANGE IN ACCOUNTING POLICY TO RESTRICTED FUND METHOD

During the year the Organization made a change in accounting policy from deferral method of accounting to restricted fund method of accounting in order to provide reliable and more relevant information to WACC UK, as WACC UK uses restricted fund method of accounting. Restricted fund method of accounting was applied retrospectively. The Organization adjusted the opening fund balances in both the statement of financial position and the statement of changes in net assets by \$149,469. Prior year deferred revenue is decreased by \$149,469, prior year restricted fund balance is increased by \$149,469, prior year Bread for the World - CAP revenue is increased by \$106,737, prior year Other grants is increased by \$4,954, and prior year UNESCO (GAMAG IPDC Grant) is increased by \$37,778.

7. SCHEDULE OF EXPENDITURES

	Program				2024	2023
	Support	Management	Fundraising	Governance	Total	Total
Administration	\$ 3,226	\$ 660	\$ 606	\$ 462	\$ 4,955	7,401
Amortization	\$ 792	\$ -	\$ -	\$ -	\$ 792	1,599
Insurance	\$ 10,179	\$ 2,081	\$ 1,913	\$ 1,459	\$ 15,632	15,776
Interest and bank charges	\$ 260	\$ 53	\$ 49	\$ 37	\$ 399	2,091
Repair and maintainance	\$ -	\$ -	\$ -	\$ -	\$ -	9,840
Professional fees	\$ 19,518	\$ 3,991	\$ 3,668	\$ 2,797	\$ 29,973	19,489
Contract services	\$ 457,883	\$ 93,624	\$ 86,040	\$ 65,620	\$ 703,166	605,933
Rent and utilities	\$ 16,279	\$ 3,329	\$ 3,059	\$ 2,333	\$ 25,000	48,777
Salaries and benefits	\$ 293,784	\$ 60,070	\$ 55,205	\$ 42,102	\$ 451,161	446,875
Telephone and internet	\$ -	\$ -	\$ -	\$ -	\$ -	2,970
Total expenditures	\$ 801,921	\$ 163,807	\$ 150,539	\$ 114,810	\$ 1,231,078	\$ 1,160,750

8. PENSION PLAN CONTRIBUTIONS

The most recent actuarial valuation of the plan, as at December 31, 2021, indicated that the plan was fully funded on a going concern and solvency basis.

9. LEASE COMMITMENTS

Lease

WACC is committed to annual rental payments under its lease for premises (excluding operating costs), expiring September 30, 2025. Future minimum lease payments as at year end are as follows:

2025 \$ 18,750

10. CONTINGENCY

The Organization has signed agreements of Cooperation with Protestant Agency for Diakonia and Development for Bread for the World - Protestant Development Service ("Bread for the World") for Development Initiative Programme and Communication for all programme. Under the terms of the agreements, the Organization carries out a number of projects in different parts of the world with identified project partners. The project partners are advanced funds and provide regular reporting back to the Organization. The Organization in turn reports to Bread for the World. In the event that reporting is not received by the Organization from the project partners, the Organization has to reimburse Bread for the World funds advanced to the project partners.

WORLD ASSOCIATION FOR CHRISTIAN COMMUNICATION

Notes to Financial Statements

Year Ended December 31, 2024

11. ECONOMIC INTEREST

The Centre for Communication Rights

The Organization has an economic interest in a Fund called The Centre for Communication Rights, which is controlled by the Organization and administered by the Aqueduct Foundation. The purpose of the Fund is to make annual grants of income and/or capital to qualified donees. The Fund is administered by the Aqueduct Foundation who is the sole trustee. Grants are distributed based on advice from the General Secretary and the Financial Controller of the Organization. They are required to consult with the President and Treasurer or, if one of them is not available, the Vice President or Secretary before distributing the grant. Aqueduct Foundation is a registered charity under the Income Tax Act.

	2024	2023
Total Assets	\$ 3,432,974	\$ 3,379,692
Net Assets, end of year	3,432,974	3,379,692
	2024	2023
Investment revenues	174,481	207,900
Foreign exchange gain (loss)	160,200	122,885
Total Revenues	334,681	330,784
Investment expenditures	56,399	45,590
Payment to WACC Canada	225,000	128,919
Total Expenditures	281,399	174,509
Excess (deficiency) of revenue over expenditures	53,282	156,275
Net Assets, beginning of year	3,379,692	3,223,417
Net Assets, end of year	3,432,974	3,379,692
	2024	2023
Cash flow from operating activities	(106,918)	33,390
Cash flow from investing activities	62,945	(35,146)
Increase (decrease) in cash flow	(43,973)	(1,756)
Opening cash and cash equivalents balance	160,732	162,488
Closing cash and cash equivalents balance	\$ 116,759	\$ 160,732

WORLD ASSOCIATION FOR CHRISTIAN COMMUNICATION

Notes to Financial Statements

Year Ended December 31, 2024

12. ECONOMIC DEPENDENCE

The Organization derives a significant portion of its contributions from a funder which is subject to annual compliance requirements. As at December 31, 2024, 64% (2023- 69%) of total revenue was derived from this funder.

13. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as of December 31, 2024.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable.

Currency risk

Currency risk is the risk to the Organization's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Organization is exposed to foreign currency exchange risk on cash, and accounts payable held in foreign currency. The Organization does not use derivative instruments to reduce its exposure to foreign currency risk.

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant credit risk, market risk, other price risk or interest rate risk arising from these financial instruments.
