

# **Avant Ministries Canada**

Financial Statements  
**December 31, 2023**



## Independent auditor's report

To the Members of Avant Ministries Canada

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### Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Avant Ministries Canada (the Organization) as at December 31, 2023 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.

#### What we have audited

The Organization's financial statements comprise:

- the statement of financial position as at December 31, 2023;
- the statement of operations and changes in fund balances for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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

#### Independence

We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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### 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.

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\*PwC\* refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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.

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### **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.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants

Winnipeg, Manitoba  
April 8, 2024

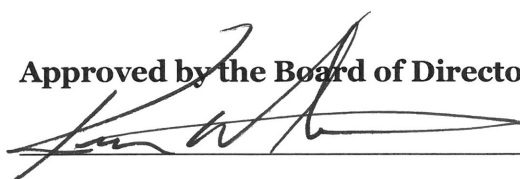
# Avant Ministries Canada

## Statement of Financial Position

As at December 31, 2023

	2023 \$	2022 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	379,217	347,271
Interest and other accounts receivable	106,325	106,705
Prepaid expenses	1,705	2,460
	<u>487,247</u>	<u>456,436</u>
<b>Investments</b> (note 3)	2,806,654	2,947,485
<b>Life insurance</b>	1,241,067	1,225,071
<b>Capital assets</b> (note 4)	<u>90,299</u>	<u>91,636</u>
	<u>4,625,267</u>	<u>4,720,628</u>
<b>Liabilities and Fund Balances</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	25,608	27,490
Notes payable and life loans (note 6)	<u>30,600</u>	<u>30,600</u>
	<u>56,208</u>	<u>58,090</u>
<b>Fund balances</b>		
Externally restricted		
Missionary Fund	2,588,069	2,740,009
Stewardship Fund (note 7)	358,410	296,113
Life Insurance Fund	<u>1,099,516</u>	<u>1,099,516</u>
	4,045,995	4,135,638
Unrestricted		
General Fund	<u>523,064</u>	<u>526,900</u>
	<u>4,569,059</u>	<u>4,662,538</u>
	<u>4,625,267</u>	<u>4,720,628</u>

Approved by the Board of Directors



Director



Director

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

# Avant Ministries Canada

## Statement of Operations and Changes in Fund Balances

For the year ended December 31, 2023

					2023	2022
	General Fund \$	Missionary Fund \$	Stewardship Fund \$	Life Insurance Fund \$	Total \$	Total \$
<b>Revenue</b>						
Missionary support	-	2,948,503	-	-	2,948,503	3,035,263
General donations	23,862	515,697	-	-	539,559	581,055
Staff support	140,511	-	-	-	140,511	189,821
Wills and legacies	-	68,209	-	-	68,209	6,869
Rental	40,035	-	-	-	40,035	39,255
Investment (loss) income	98,087	-	12,971	-	111,058	(4,555)
Other	14	-	-	-	14	1,700
	302,509	3,532,409	12,971	-	3,847,889	3,849,408
<b>Expenses</b>						
Amortization	1,337	-	-	-	1,337	8,013
Avant Magazine	23,473	-	-	-	23,473	31,462
Field funds and projects	-	467,927	-	-	467,927	593,664
Postage	6,998	-	-	-	6,998	7,126
Professional fees	14,433	-	-	-	14,433	14,248
Promotion	18,466	-	-	-	18,466	13,797
Repairs and maintenance	26,432	-	-	-	26,432	22,045
Salaries and missionary support	250,813	3,050,007	-	-	3,300,820	3,125,257
Stewardship	-	-	674	-	674	1,172
Sundry	3,233	-	-	-	3,233	4,527
Supplies and printing	10,382	-	-	-	10,382	10,271
Taxes and insurance	20,758	-	-	-	20,758	18,063
Telephone	3,245	-	-	-	3,245	3,656
Travel	35,948	-	-	-	35,948	28,146
Utilities	7,242	-	-	-	7,242	7,320
	422,760	3,517,934	674	-	3,941,368	3,888,767
<b>Excess (deficiency) of revenue over expenses for the year</b>	(120,251)	14,475	12,297	-	(93,479)	(39,359)
<b>Fund balance – Beginning of year</b>	526,900	2,740,009	296,113	1,099,516	4,662,538	4,701,897
<b>Interfund transfers and adjustments (notes 5 and 7)</b>	116,415	(166,415)	50,000	-	-	-
<b>Fund balance – End of year</b>	523,064	2,588,069	358,410	1,099,516	4,569,059	4,662,538

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

# Avant Ministries Canada

## Statement of Cash Flows

For the year ended December 31, 2023

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	2023 \$	2022 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses for the year	(93,479)	(39,359)
Items not affecting cash		
Amortization	1,337	8,013
Unrealized loss on investments	12,391	135,757
Realized gain on sale of investments	(13,727)	(24,843)
	<hr/>	<hr/>
	(93,478)	79,568
Changes in non-cash working capital items		
Interest and other accounts receivable	380	(29,960)
Prepaid expenses	755	290
Accounts payable and accrued liabilities	(1,882)	4,134
	<hr/>	<hr/>
	(94,225)	54,032
<b>Investing and financing activities</b>		
Purchase of investments	(91,693)	(370,536)
Proceeds from disposal or maturity of investments	233,860	269,872
Purchase of capital assets	-	(1,698)
Proceeds from disposal of capital assets	-	2,450
Capitalization of life insurance premiums	(15,996)	(15,996)
	<hr/>	<hr/>
	126,171	(115,908)
<b>Increase (decrease) in cash during the year</b>	<hr/>	<hr/>
	31,946	(61,876)
<b>Cash – Beginning of year</b>	<hr/>	<hr/>
	347,271	409,147
<b>Cash – End of year</b>	<hr/>	<hr/>
	379,217	347,271

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

# Avant Ministries Canada

Notes to Financial Statements

December 31, 2023

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## 1 Purpose of the Organization

The purpose of Avant Ministries Canada (Avant or the Organization) is to work toward evangelization in specific foreign countries with the goal of establishing national churches under trained national leadership. Avant has personnel involved in evangelism, teaching and ministries of compassion. The Organization has established schools, theological seminaries, medical clinics, agricultural and food aid programs in countries throughout the world.

Avant was incorporated on April 18, 1968 as a not-for-profit religious organization. Avant is a registered charity within the meaning of the Income Tax Act and is exempt from income taxes and eligible to issue official receipts for income tax purposes.

Avant (the Canadian operation) and Avant Ministries – U.S. are parties to a joint ministries agreement which operates under the name Avant Ministries – International. The purpose of Avant Ministries – International is to carry on missionary work in accordance with the objects, powers and authority of each of Avant (the Canadian operation) and Avant Ministries – U.S.

## 2 Summary of significant accounting policies

### Basis of presentation

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

### Fund accounting

Avant follows the restricted fund method of accounting for contributions.

The General Fund accounts for Avant's program delivery and administrative activities. This Fund reports unrestricted resources.

The Missionary Fund reports resources that are to be used to support certain missionary projects and activities. The majority of these resources are restricted.

The Stewardship Fund reports only temporarily restricted resources under terms of certain annuity contracts, life loans and other designated funds.

The Life Insurance Fund reports only restricted resources of donated life insurance policies.



# Avant Ministries Canada

## Notes to Financial Statements

December 31, 2023

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### Capital assets

Purchased capital assets are recorded at cost. Amortization is provided on a straight-line method over the assets' estimated useful lives as follows:

Building	30 years
Furnishings and equipment	5 years

Contributed capital assets are recorded at fair value at the date of contribution.

### Investments

Investments include investments in bonds and equities as well as amounts deposited in savings accounts intended for long-term investment.

### Life insurance policies

Life insurance policies contributed by donors and that result in Avant becoming the beneficial owner of the policies are initially recorded at fair value. Subsequently, the cost method is used to account for policies, whereby continuing costs are capitalized and the carrying value is tested annually for impairment if a triggering event occurs. An impairment loss would be recognized if the expected discounted cash flows are less than the carrying amount.

### Revenue recognition

Unrestricted contributions related to general operations 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.

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.

Rental and other income are recognized as revenue of the General Fund, Missionary Fund and Stewardship Fund when earned.

Investment income is recorded as earned and is allocated between the Stewardship Fund and the General Fund based on the beginning of year balances in the respective funds.

### Contributed services

Volunteers contribute significant hours per year to assist Avant in carrying out its service delivery activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

# Avant Ministries Canada

## Notes to Financial Statements

December 31, 2023

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### **Use of estimates**

The preparation of financial statements in conformity with accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes. Actual results could differ from those estimates.

### **Financial instruments**

#### **Measurement of financial instruments**

Avant initially measures its financial assets and financial liabilities at fair value.

Avant subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in marketable securities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in the statement of operations and changes in fund balances.

Financial assets measured at amortized cost include cash, interest and other accounts receivable and life insurance.

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

#### **Impairment**

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a writedown is recognized in the statement of operations and changes in fund balances.

# Avant Ministries Canada

## Notes to Financial Statements

December 31, 2023

### 3 Investments

Details are as follows:

	2023		2022	
	Carrying value – market \$	Cost \$	Carrying value – market \$	Cost \$
Steinbach Credit Union Limited bank accounts	398,248	398,248	337,663	337,663
Guaranteed investment certificates	1,546,220	1,558,184	1,766,131	1,778,431
Equities	862,186	746,985	843,691	729,490
	<u>2,806,654</u>	<u>2,703,417</u>	<u>2,947,485</u>	<u>2,845,584</u>

Interest rates on bank accounts and guaranteed investment certificates vary from 1.45% to 5.10% and maturity dates vary from February 2024 to April 2028.

During the year, in order to mark its investments to market value, Avant recorded an unrealized investment loss of \$12,391 (2022 – loss of \$135,757).

### 4 Capital assets

	2023		2022	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Land	70,000	-	70,000	70,000
Building	234,015	215,862	18,153	18,901
Furnishings and equipment	48,528	46,382	2,146	2,735
	<u>352,543</u>	<u>262,244</u>	<u>90,299</u>	<u>91,636</u>

### 5 Interfund transfers and adjustments

Interfund transfers relate to:

- administration fees of 0% to 7% of donations made to Funds;
- reimbursement of field project costs at the discretion of management; and
- transfers to (from) the Stewardship Fund at the discretion of management.

# Avant Ministries Canada

## Notes to Financial Statements

December 31, 2023

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### 6 Notes payable and life loans

From time to time, Avant enters into loan agreements with individuals (lenders) to establish pooled fund accounts. Avant invests the proceeds and pays interest to the lenders at rates ranging from 0% to the actual rate earned by the pooled fund less 0.25%. All or any part of the principal shall be repaid to the lender within 30 days of Avant's receipt of such written request from the lender. If any part of the principal remains outstanding at the death of the lender, it shall be paid with accrued interest to the lender unless the lender provides the amount to be donated to Avant.

### 7 Stewardship Fund

The Stewardship Fund is composed of annuity contracts and a contribution received to support specific missionaries, life loans and other designated donations. The annuity contracts provide for payments to contributors or specific missionaries for life. When the annuitant or the specific missionary dies, the balance of the annuity becomes the property of Avant and is eligible for transfer to another fund. Interest earned on the contribution is used to support the specific missionaries as long as they are associated (either active or retired) with Avant. No amount of the principal of the Stewardship Fund is used until it becomes available. As at December 31, 2023, Avant estimates that the accumulated funds are adequate to fund future stewardship obligations. During the year, \$50,000 (2022 – \$nil) was transferred from the General Fund to the Stewardship Fund.

### 8 Financial instruments

The significant financial risks to which Avant is exposed are market risk, interest rate risk and credit risk.

#### Market risk

Market risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Avant's exposure to market risk is primarily composed of its investment in equities which represents 31% of its total investment balance.

#### Interest rate risk

Interest rate risk is the potential for financial loss arising from changes in interest rates. A significant portion of Avant's investments are in bonds with a fixed interest rate, whose fair value is sensitive to changes in interest rates. Avant generally holds bonds to maturity and as such, its overall exposure to changes in interest rates is not significant.

#### Credit risk

Credit risk is the possibility of financial loss, resulting from the failure of a debtor to honour its obligation.

# **Avant Ministries Canada**

## **Notes to Financial Statements**

**December 31, 2023**

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Avant's financial instruments that are exposed to a concentration of credit risk consist primarily of cash, savings deposits and bonds. Avant places its investments in what management believes to be high-quality financial instruments and aggregate exposure to single issuers is monitored. Cash and term deposits, at times, may exceed amounts insured by the Canadian Deposit Insurance Corporation or the Credit Union Deposit Guarantee Corporation.

# Avant Ministries Canada

## Summary of Canadian Versus Joint Activity Schedule

(Unaudited)

For the year ended December 31, 2023

A summary of revenue and expenses reclassified into functional categories between Canadian activity and joint activity follows. The reclassifications have not been subject to audit.

	<b>Total activity CA\$</b>	<b>Canadian activity CA\$</b>	<b>Joint activity CA\$</b>	<b>Joint activity US\$</b>
<b>Revenue</b>				
Contributions	3,696,782	666,987	3,029,795	2,245,078
Investment income	111,058	98,087	12,971	9,611
Other income	40,049	40,049	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	3,847,889	805,123	3,042,766	2,254,689
<b>Expenses</b>				
Church planting	2,524,521	(1,748)	2,526,269	1,871,965
Camping	29,586	-	29,586	21,923
Compassion Ministries	361,669	138,576	223,093	165,312
Retirement	142,918	17,223	125,695	93,140
On loan to another ministry	1,427	-	1,427	1,057
Appointees	106	-	106	78
Foreign administration	141,726	-	141,726	105,019
Other Canadian	316,655	316,655	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	3,518,608	470,706	3,047,902	2,258,494
<b>Canadian office expenses</b>	<hr/>	<hr/>	<hr/>	<hr/>
	422,760	422,760	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	3,941,368	893,466	3,047,902	2,258,494
<b>Excess (deficiency) of revenue over expenses for the year</b>	(93,479)	(88,343)	(5,136)	(3,805)
<b>Gain (loss) from exchange</b>	-	-	-	42,956
<b>Opening net assets</b>	4,662,538	2,066,105	2,596,433	1,916,947
<b>Transfer to (from) joint activity</b>	<hr/>	<hr/>	<hr/>	<hr/>
	-	210,701	(210,701)	(156,129)
<b>Closing net assets</b>	<hr/>	<hr/>	<hr/>	<hr/>
	4,569,059	2,188,463	2,380,596	1,799,969