Financial Statements of

FOCUS ON THE FAMILY (CANADA) ASSOCIATION

And Independent Auditor's Report thereon

Year ended September 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Members of Focus on the Family (Canada) Association

Report on Financial Statements

Opinion

We have audited the financial statements of Focus on the Family (Canada) Association (the "Association"), which comprise:

- the statement of financial position as at September 30, 2025
- the statements of operations for the year then ended
- the statements of changes in net assets for the year then ended
- the statements of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Association as at September 30, 2025, and its 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 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 auditor's report.

We are independent of the Association 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.

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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 the 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosure 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 Association'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 Association 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 matter that achieves fair presentation.
- 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.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding period.

KPMG LLP

Chartered Professional Accountants

Langley, Canada
November 28,2025

FOCUS ON THE FAMILY (CANADA) ASSOCIATION

Statement of Financial Position

September 30, 2025, with comparative information for 2024

	2025	2024
Assets		
Current assets:		
Cash	$ 2,745,889	$ 1,670,595
Investments at fair value (note 2)	2,052,759	3,619,925
Accounts receivable	70,213	97,432
Inventories	214,639	243,190
Prepaid expenses and deposits	287,506	323,631
	5,371,006	5,954,773
Tangible capital assets (note 3)	18,734,679	19,120,355
Cash surrender value of life insurance (note 4)	10,289	9,817
	$ 24,115,974	$ 25,084,945
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 5)	$ 583,602	$ 794,990
Capital lease	1,545	5,202
Deferred revenue	524,379	533,010
Loan (note 6)	194,998	699,998
Deferred contributions (note 7)	668,357	513,584
	1,972,881	2,546,784
Deferred capital contributions (note 8)	9,989,524	9,916,017
	11,962,405	12,462,801
Net assets:		
Unrestricted	1,513,583	1,663,057
Invested in tangible capital assets (note 9)	8,636,362	8,586,888
Internally restricted (note 10)	2,003,624	2,372,199
	12,153,569	12,622,144
	$ 24,115,974	$ 25,084,945

See accompanying notes to financial statements.

Approved on behalf of the Board:

______________________ Director ______________________ Director

FOCUS ON THE FAMILY (CANADA) ASSOCIATION

Statement of Operations

Year ended September 30, 2025, with comparative information for 2024

		2025		2024
Revenue:				
Contributions	$	9,029,592	$	9,806,143
Sales, event registration fees and subscriptions		2,166,149		2,230,414
Interest income		280,220		418,234
Other income		136,208		115,699
Amortization of deferred capital contributions (note 8)		484,928		477,856
		12,097,097		13,048,346
Expenses (note 12):				
Charitable programs:				
Books and resources		1,428,424		1,424,370
Care and counselling programs		3,918,221		3,916,708
Magazines and publications		1,608,623		1,617,202
Marriage and parenting events		584,670		274,045
Online ministry		860,760		1,002,818
Radio and television		1,163,254		1,247,382
		9,563,952		9,482,525
Fundraising		1,548,646		1,608,274
Supporting services		1,453,074		1,340,702
		12,565,672		12,431,501
(Deficiency) excess of revenue over expenses	$	(468,575)	$	616,845

See accompanying notes to financial statements.

FOCUS ON THE FAMILY (CANADA) ASSOCIATION

Statement of Changes in Net Assets

Year ended September 30, 2025, with comparative information for 2024

	Unrestricted	Invested in tangible capital assets	Internally restricted	2025 Total	2024 Total
Net assets, beginning of year	$ 1,663,057	$ 8,586,888	$ 2,372,199	$ 12,622,144	$ 11,917,549
(Deficiency) excess of revenue over expenses (note 9(b))	(427,463)	(41,112)	-	(468,575)	616,845
Net changes in invested in tangible capital assets (note 9(c))	(90,586)	90,586	-	-	-
Interfund transfers (note 10)	368,575	-	(368,575)	-	-
Contributed land	-	-	-	-	87,750
Net assets, end of year	$ 1,513,583	$ 8,636,362	$ 2,003,624	$ 12,153,569	$ 12,622,144

See accompanying notes to financial statements.

FOCUS ON THE FAMILY (CANADA) ASSOCIATION

Statement of Cash Flows

Year ended September 30, 2025, with comparative information for 2024

		2025		2024
Cash provided by (used in):				
Operating:				
(Deficiency) excess of revenue over expenses	$	(468,575)	$	616,845
Items not involving cash:				
Amortization of tangible capital assets		526,040		566,128
Amortization of deferred capital contributions		(484,928)		(477,855)
Unrealized gain on investments		(259,483)		(312,839)
Unrealized gain on life insurance		(472)		(472)
		(687,418)		391,807
Changes in non-cash operating working capital:				
Accounts receivable		27,219		16,649
Inventories		28,551		(68,569)
Prepaid expenses and deposits		36,125		(121,126)
Accounts payable and accrued liabilities		(211,388)		182,613
Deferred revenue		(8,631)		(17,979)
Deferred contributions		154,773		(1,058,502)
		(660,769)		(675,107)
Financing:				
Capital lease payments		(3,656)		(1,384)
Deferred capital contributions received		558,435		377,964
Repayment of loan		(505,000)		(1,266,668)
		49,779		(890,088)
Investing:				
Purchase of tangible capital assets		(140,365)		(42,586)
Net sale of investments		1,826,649		-
		1,686,284		(42,586)
Increase (decrease) in cash		1,075,294		(1,607,781)
Cash, beginning of year		1,670,595		3,278,376
Cash, end of year	$	2,745,889	$	1,670,595
Non-cash transactions				
Tangible capital assets acquired by way of capital lease	$	-	$	6,585
Contribution of land		-		87,750

See accompanying notes to financial statements.

Purpose of organization:

Focus on the Family (Canada) Association (the "Association") is incorporated in British Columbia, Canada, under the *Societies Act* (British Columbia), as a non-profit religious and educational organization dedicated to the preservation of the family. The Association is a registered charitable organization under the Canadian *Income Tax Act* and, accordingly, is exempt from income taxes, provided certain requirements of the *Income Tax Act* are met.

On July 19, 2007, the Association was registered as an extra-provincial corporation in Alberta, Canada.

On May 28, 2013, the Association was registered as an extra-provincial corporation in Manitoba, Canada.

1. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook - *Accounting*. The significant accounting policies are as follows:

(a) Revenue recognition:

The Association follows the deferral method of accounting for donations. This method recognizes unrestricted donations as revenue when received and externally restricted donations as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of tangible capital assets are deferred and amortized into revenue on the same basis as the amortization period for the related tangible capital assets. Pledges are not recognized as revenue until received. Contributions for land are recognized as a direct increase in net assets.

Sales, event registration, subscriptions and other revenue are recognized when the services are provided or when the goods are delivered.

A substantial number of volunteers contribute a significant amount of their time each year. Contributed services are not recognized in the financial statements, because of the difficulty of determining the fair value.

Gifts-in-kind are valued at their estimated fair value at their time of contribution when a fair value can be determined and the Association would otherwise have purchased the items.

1. Significant accounting policies (continued):

(b) Inventories:

Inventories are recorded at the lower of cost and net realizable value. Cost includes purchase, conversion, and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price less the costs to sell.

Inventories consist of books, videos and other multimedia resources held for sale.

At each reporting date, the Association evaluates inventories for impairment. When the carrying amount exceeds net realizable value, a write-down is recognized in the Statement of Operations.

(c) Tangible capital assets:

Purchased tangible capital assets are recorded at cost, less accumulated amortization. Contributed tangible capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments that extend the estimated life or service potential of an asset are capitalized.

Tangible capital assets are amortized on a straight-line basis as follows:

Asset	Rate
Building	40 years
Furniture and equipment	10 years
Vehicles	3 – 5 years
Computer software	10 years
Computer equipment	5 years

The Association reviews the carrying amount of tangible capital assets for impairment whenever events or changes in circumstances indicate that the asset no longer contributes to the Association's ability to provide goods and services, or that the value of the future economic benefits or service potential associated with the asset is less than its carrying amount. If such conditions exist, an impairment loss is measured and recorded in the statement of operations at the amount by which the carrying amount of the capital asset exceeds its fair value or replacement cost.

(d) Cash surrender value of life insurance:

The cash surrender value of life insurance is the cash value of the policies less any surrender charges that would apply if the policies were surrendered.

1. Significant accounting policies (continued):

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Association has elected to carry investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets carried at cost or amortized cost are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Association determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Association expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(f) Foreign exchange:

Monetary assets and liabilities denominated in a foreign currency are translated into Canadian dollars at year-end exchange rates. Transactions denominated in a foreign currency are translated at the exchange rate in effect at the time of the transaction. Exchange gains and losses resulting from translation are included in the statement of operations.

(g) Measurement uncertainty:

The preparation of the financial statements 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 revenue and expenses during the year.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Actual results could differ from those estimates.

1. Significant accounting policies (continued):

(h) Allocation of expenses:

The Association engages in various programs. The costs of each program include the costs of personnel, premises and other expenses that are directly related to providing the program. The Association also incurs general and administrative expenses that are common to the administration of the organization and each of its programs.

The Association allocates certain of its general and administrative expenses to its programs based on the proportion of employee headcount.

2. Investments at fair value:

Investments consist of:

	2025	2024
Mutual Funds:		
Canadian equity pool	$ 63,198	$ 112,854
Global equity pool	280,875	497,501
Strategic income pool	556,497	1,122,148
Real asset pool	412,456	731,183
Strategic growth pool	533,014	919,988
Fixed income pool	206,719	236,251
	$ 2,052,759	$ 3,619,925

3. Tangible capital assets:

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Land	$ 6,472,464	$ -	$ 6,472,464	$ 6,472,464
Building	17,159,966	5,143,004	12,016,962	12,418,540
Vehicles	114,383	94,116	20,267	27,867
Computer software	566,106	564,565	1,541	2,952
Furniture and equipment	968,780	759,237	209,543	171,650
Computer equipment	117,759	103,857	13,902	26,882
	$ 25,399,458	$ 6,664,779	$ 18,734,679	$ 19,120,355

Amortization charged to expenses for the year was $526,040 (2024 - $566,128).

4. Life insurance policy:

The aggregate face value of the life insurance policy is $50,000 (2024 - $50,000) and will be recognized as revenue when received.

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances for sales and payroll-related taxes totaling $1,376 (2024 - $2,004).

6. Loan:

	2025	2024
Royal Bank of Canada loan with quarterly payments of $33,334 plus interest, bearing interest as described below	$ 194,998	$ 699,998

Interest rates on the Royal Bank of Canada loan are negotiated throughout the year. Interest rates for fiscal 2025 ranged between 2.00% to 4.53% (2024 - 5.31% - 5.45%).

Interest paid on loans in the year of $25,985 (2024 - $66,327) has been charged to expenses.

7. Deferred contributions:

Deferred contributions are donations received which are restricted by the donor for designated purposes and unspent at year-end.

	2025	2024
Balance, beginning of year	$ 513,584	$ 1,572,086
Contributions received	506,014	1,177,843
Contributions recognized	(351,241)	(2,236,345)
Balance, end of year	$ 668,357	$ 513,584

8. Deferred capital contributions:

Deferred capital contributions represent the unamortized amount of contributions received for the purchase of tangible capital assets.

	2025	2024
Balance, beginning of year	$ 9,916,017	$ 10,015,908
Contributions received	558,435	377,964
Amortization of deferred capital contributions	(484,928)	(477,855)
Balance, end of year	$ 9,989,524	$ 9,916,017

Included in deferred capital contributions are nil (2024 - nil) of unspent funds.

9 Invested in tangible capital assets:

(a) Net assets invested in tangible capital assets are calculated as follows:

	2025	2024
Tangible capital assets	$ 18,734,679	$ 19,120,355
Amounts financed by:		
Unamortized deferred capital contributions	(9,989,524)	(9,916,017)
Loan	(194,998)	(699,998)
Capital lease	(1,545)	(5,202)
Contributed land	87,750	87,750
	$ 8,636,362	$ 8,586,888

(b) Deficiency of revenue over expenses relating to invested in tangible capital assets:

	2025	2024
Amortization of deferred capital contributions (note 8)	$ 484,928	$ 477,855
Amortization of tangible capital assets (note 3)	(526,040)	(566,128)
	$ (41,112)	$ (88,273)

9 Invested in tangible capital assets (continued):

(c) Net changes in invested in tangible capital assets:

		2025		2024
Purchase of tangible capital assets	$	140,365	$	49,172
Amounts funded by capital leases		-		(6,585)
Loan repayment		505,000		1,266,668
Amounts funded by deferred capital contributions		(558,435)		(377,964)
Capital lease payment		3,656		1,384
Contributed land		-		87,750
Increase in invested in tangible capital assets	$	90,586	$	1,020,425

10. Internally restricted net assets:

		2025		2024
Capital improvement	$	700,000	$	600,000
Capacity building for 3 years		1,303,624		1,772,199
	$	2,003,624	$	2,372,199

During the year, the Board has transferred $368,575 (2024 - $100,000) from internally restricted net assets to unrestricted net assets as follows: $100,000 transferred from unrestricted to internally restricted for capital improvement and $468,575 from internally restricted to unrestricted for operations. Funds to meet these requirements are included in cash.

11. Remuneration of employees:

For the fiscal year ended September 30, 2025, the Association paid total remuneration of $1,455,160 (2024 - $1,188,865) to fourteen (2024 - eleven) employees, each of whom received total annual remuneration of $75,000 or greater. No amounts were paid to members of the Board of Directors.

12. Allocation of expenses:

Expenses are allocated by program and include direct expenses incurred by each program. In addition, indirect expenses including amortization, bank charges, property taxes, information technology, and repairs & maintenance are allocated to ministry activities as disclosed in the statement of operations as follows:

	2025	2024
Books and resources	$ 205,877	$ 242,287
Care and counselling programs	650,103	653,211
Magazines and publications	169,481	165,978
Marriage and parenting events	94,565	81,597
Online ministry	287,484	287,502
Radio and television	21,184	34,379
Fundraising	350,457	346,916
Supporting services	391,221	367,977
	$ 2,170,372	$ 2,179,847

13 Financial risk and concentration of risks:

(a) Currency risk:

The Association is exposed to currency risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, the Association incurs expenses and holds cash in US dollars. At year-end, cash held in US dollars converted to Canadian currency is $448,062 (2024 - $431,434). The Association does not currently enter into forward contracts to mitigate this risk.

(b) Liquidity risk:

Liquidity risk is the risk that the Association will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Association manages its liquidity risk by preparing budgets and monitoring its operating requirements to ensure it has sufficient funds to fulfill its obligations.

(c) Price risk:

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Association is exposed to price risk with respect to its investments. The risk associated with investments is managed through the Association's established investment policy.

There has been no change to the risk exposures outlined above from the prior year.