EVANGELICAL INTERNATIONAL CRUSADES CANADA, INC. O/A INTERNATIONAL TEAMS OF CANADA >

non-consolidated financial statements

>YEAR ENDED DECEMBER 31, 2011

McClurkin Ahier & Company LLP
CHARTERED ACCOUNTANTS

EVANGELICAL INTERNATIONAL CRUSADES CANADA, INC.
O/A INTERNATIONAL TEAMS OF CANADA >

non-consolidated financial statements

>YEAR ENDED DECEMBER 31, 2011

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490 Dutton Drive, Suite C3, Waterloo, Ontario N2L 6H7
T 519-725-2600 TF 1-877-725-2611 F 519-725-2484

Chartered Accountants
www.mac-ca.com

ma|c
McCLURKIN AHIER
& COMPANY LLP

INDEPENDENT AUDITOR'S REPORT

To the Members of Evangelical International Crusades Canada, Inc.:

Report on the Financial Statements

We have audited the accompanying non-consolidated financial statements of Evangelical International Crusades Canada, Inc., which comprise the non-consolidated statement of financial position as at December 31, 2011, and the non-consolidated statement of operations, the non-consolidated statement of changes in net assets and the non-consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements.

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

Opinion

In our opinion, the non-consolidated financial statements present fairly, in all material respects, the financial position of Evangelical International Crusades Canada, Inc. as at December 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

McClurkin Ahier & Company LLP

Waterloo, Ontario
May 29, 2012

LICENSED PUBLIC ACCOUNTANTS
CHARTERED ACCOUNTANTS

EVANGELICAL INTERNATIONAL CRUSADES CANADA, INC.
O/A INTERNATIONAL TEAMS OF CANADA >

non-consolidated statement of financial position

>DECEMBER 31, 2011

	2011	2010
assets		
current		
Cash	$ 481,609	$ 273,789
Money market funds	201,145	-
Accounts receivable	97,685	60,429
Government remittances recoverable	20,540	-
Prepaid expenses	101,277	101,075
Due from affiliated organizations	39,098	29,643
	941,354	464,936
long term investments - restricted (Note 4)	32,200	32,200
capital assets (Note 5)	28,978	58,429
	$ 1,002,532	$ 555,565
liabilities		
current		
Accounts payable and accrued liabilities	$ 184,995	$ 155,647
Note payable (Note 6)	200,000	200,000
Government remittances payable	-	718
Due to affiliated organizations	44,421	12,456
	429,416	368,821
commitments and contingencies (Notes 7 & 8)		
net assets		
Endowment fund	32,200	32,200
Investment in capital assets	28,978	58,429
Internally restricted	431,590	64,165
Unrestricted	80,348	31,950
	573,116	186,744
	$ 1,002,532	$ 555,565

Approved on behalf of the board:

Director

Faith Murphy
Director

EVANGELICAL INTERNATIONAL CRUSADES CANADA, INC.
O/A INTERNATIONAL TEAMS OF CANADA >

non-consolidated statement of changes in net assets

>YEAR ENDED DECEMBER 31, 2011

	restricted for endowment purposes	invested in capital assets	internally restricted	unrestricted	2011 total	2010 total
net assets, beginning of year	$ 32,200	$ 58,429	$ 64,165	$ 31,950	$ 186,744	$ 186,096
Excess of revenue over expenses for year	-	-	340,193	46,179	386,372	648
Amortization	-	(31,010)	27,232	3,778	-	-
Investment in capital assets	-	1,559	-	(1,559)	-	-
net assets, end of year	$ 32,200	$ 28,978	$ 431,590	$ 80,348	$ 573,116	$ 186,744

EVANGELICAL INTERNATIONAL CRUSADES CANADA, INC.
O/A INTERNATIONAL TEAMS OF CANADA >

non-consolidated statement of operations

>YEAR ENDED DECEMBER 31, 2011

	general	internally restricted	2011 total	2010 total
revenue				
Donations	$ 133,768	$ 5,185,677	$ 5,319,445	$ 4,318,668
Gain on foreign exchange	-	10,721	10,721	7,910
Other income	11,936	95,839	107,775	133,273
	145,704	5,292,237	5,437,941	4,459,851
expenses				
Amortization	3,778	27,232	31,010	32,760
Contributions to Joint Venture (Note 9)	-	58,644	58,644	99,964
Facility	28,607	170,102	198,709	200,453
Food, accommodation and travel	8,890	903,344	912,234	781,729
Fundraising	-	431,744	431,744	323,768
Gifts to qualified donees	-	714,954	714,954	529,622
Office	114,819	177,760	292,579	258,543
Program development	7,216	227,581	234,797	153,495
Salaries and benefits	282,870	1,894,028	2,176,898	2,078,869
Leadership and administration	(346,655)	346,655	-	-
	99,525	4,952,044	5,051,569	4,459,203
excess of revenue over expenses for year	$ 46,179	$ 340,193	$ 386,372	$ 648

EVANGELICAL INTERNATIONAL CRUSADES CANADA, INC.
O/A INTERNATIONAL TEAMS OF CANADA >

non-consolidated statement of cash flows

>YEAR ENDED DECEMBER 31, 2011

	2011	2010
operating activities		
Excess of revenue over expenses for year	$ 386,372	$ 648
Adjustments for:		
Amortization	31,010	32,760
	417,382	33,408
Changes in non-cash working capital:		
Increase in other investments	(201,145)	-
Increase in accounts receivable	(37,256)	6,776
Increase in government remittances recoverable	(21,258)	15,444
Increase in prepaid expenses	(202)	5,028
Increase in due from affiliated organizations	(9,455)	(29,643)
Increase in accounts payable and accrued liabilities	29,348	73,379
Increase in due to affiliated organizations	31,965	(51,934)
	209,379	52,458
financing activities		
Decrease in note payable	-	200,000
investing activities		
Purchase of capital assets	(1,559)	(39,352)
Net change in cash for the year	207,820	213,106
Cash balance, beginning of year	273,789	60,683
cash balance, end of year	$ 481,609	$ 273,789

notes to non-consolidated financial statements

1. organization

Evangelical International Crusades (Canada) Inc. (ITC) is incorporated without share capital and is a registered charity for income tax purposes. The Organization develops, trains, supports and maintains missions and missionaries to preach, promote and advance the spiritual teaching of the Christian faith. The Organization also provides assistance in the areas of health, economic development, education and the supply of food and clothing to persons in need internationally. The Organization operates with its affiliates world wide through a joint ministry agreement.

2. significant accounting policies

Basis of Presentation - The donor support of the Organization consists primarily of contributions received with the express preference by the donor for a specific ministry; however, the Organization retains the right to direct these funds. Such amounts are used by the Organization in the advancement of its programs and objectives. Accordingly, for financial statement purposes, these amounts are reported as internally restricted.
The members of the Board of Directors of the Organization were appointed as the Board of Directors of Careforce International Organization (CFI), a charitable organization operating out of Burlington, Ontario. As a result the Organization has the right and ability to obtain future economic benefits from the resources of CFI through determining the strategic, operating, investing and financing policies of CFI. The Organization has prepared both consolidated and non-consolidated financial statements for the year ended December 31, 2011.

Recognition of Income - The Organization follows the restricted method of accounting for contributions.

Restricted contributions related to general operations are recognized as revenue in the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue when received.

Unrestricted contributions are recognized as revenue in the General Fund in the year received.

Other revenue includes registration fees and rental income. Registration fees are recognized as revenue when the related event takes place. Rental income is recognized as revenue each month as the rent becomes due.

Capital Assets and Amortization - Capital assets are recorded at cost. Amortization is provided in the accounts using the following methods and annual rates:

Asset	Method	Rate
Office furniture	Straight line	20 %
Computer equipment	Straight line	25 %
Software	Straight line	100 %
Leasehold improvements	Straight line	20 %
Vehicles	Straight line	30 %

Capital assets acquired during the year are amortized at one half the above annual rates.

Financial Instruments - The Organization has classified its financial assets and financial liabilities as follows:

Cash, money market funds and long term investments are classified as held for trading.

Accounts receivable and due from affiliated organizations are classified as loans and receivables.

Accounts payable and accrued liabilities, note payable and due to affiliated organizations are classified as other financial liabilities.

Contributed Materials and Services - The Organization is dependent upon many hours of service contributed by volunteers. Because of the difficulty in determining their fair value, contributed services are not recognized in these financial statements.

The Organization receives contribution of materials, the fair value of which may or may not be reasonably determinable. Contributed materials are recognized as donations when fair values can be determined. During the year the Organization received contributed materials of $4,643 (2010 - $516) that were recognized as donation revenue during the year.

Disclosure and Use of Estimates - The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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 reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known.

Estimates are used when accounting for certain items such as revenues, allowance for doubtful accounts, and useful lives of capital assets.

3. future accounting changes

Effective January 1, 2012, the Organization has elected to adopt the new accounting framework: Canadian accounting standards for non-profit organizations as required by the Canadian Institute of Chartered Accountants (CICA) Part III of the CICA Handbook - Accounting. The 2012 fiscal year will be the Organization's first financial statements prepared in accordance with accounting standards for non-profit organizations and the transitional provision of Section 1501, First-time Adoption. Section 1501 requires retrospective application of the accounting standards with certain elective exemptions and limited retrospective exceptions.

4. endowment fund

Of the net assets restricted for endowment purposes, $32,200 (2010 - $32,200) is subject to externally imposed restrictions stipulating that the resources be maintained permanently. Investment income derived from these assets is to be used for training purposes.

5. capital assets

	cost	accumulated amortization	net 2011	net 2010
Office furniture	$ 74,969	$ 73,565	$ 1,404	$ 1,232
Vehicles	86,351	60,458	25,893	50,299
Computer equipment	134,775	133,094	1,681	6,898
Software	38,621	38,621	-	-
Leasehold improvements	160,720	160,720	-	-
	$ 495,436	$ 466,458	$ 28,978	$ 58,429

6. note payable

$200,000 note payable bearing interest at 3% per annum due December 31, 2012.

7. commitments

The Organization is obligated under a leasing contract for the premises from which it operates. The lease expires in 2022 and the future minimum lease payments are as follows:

2012	$ 20,747
2013	$ 20,747
2014	$ 20,747
2015	$ 20,747
2016	$ 20,747
thereafter	$ 114,107

8. contingencies

Legal actions - The Organization is a co-defendant in a legal action. Legal counsel to the Organization is unable to assess the Organization's potential liability, if any, resulting from this action. Any settlement will be reflected as a charge against income in the year incurred.

9. international operations, assets and measurement uncertainty

The international operations of the Organization are carried on by employees of the Organization through a Joint Ministry Agreement with the affiliated organizations operating world wide as International Teams. The Organization has consistently followed the policy of expensing all costs for international operations, property and equipment. This policy is based upon the practice that such assets, while generally redeployable under the direction of the Organization, are not always accessible for redeployment due to foreign property regulations, international fund transfer and foreign currency exchange limitations.

During the year, the Organization contributed $77,288 and $88,183 (2010 - $80,384 and $95,636) to International Teams US and affiliated organizations, respectively. These contributions were applied towards the cost of foreign missionaries carrying out the mandate of ITC. In addition, the Organization contributed $30,960 (2010 - $75,571) towards the costs of world wide leadership and training.

10. comparative figures

Certain of the comparative figures have been restated to conform to the presentation adopted for the current year.

11. subsequent events

The Organization has entered into a memorandum of understanding with the charity in application "Blue Sea Philanthropy" (BSP) for the sale of the Ride For Refugees asset. The sale is contingent on BSP acquiring charitable status. The sale is projected to occur in 2012.

12. financial instruments

Fair value - The fair value of financial assets and liabilities classified as loans and receivables and other financial liabilities approximate their carrying value due to their short term maturity. Financial assets and liabilities classified as held for trading are measured at fair value determined on the basis of market value.

Risk management - It is management's opinion that the Organization is not exposed to significant credit risk arising from its financial instruments. The following analysis provides a measure of the interest rate and currency risks at December 31, 2011.

Interest rate risk - The Organization manages its portfolio of investments based on its cash flow needs and with a view of optimizing its interest income.

The effective interest rate on the money market funds during the year was 0.57%.
For long term investments, the effective interest rate realized during the year varied from 5.62% to 0.33% (2010 - 7.02 to 7.16%). The average interest rate was 2.21% (2010 - 7.11%).

Currency Risk - Some assets, liabilities, revenues and expenses are exposed to foreign exchange fluctuations. As at December 31, 2011, cash and due from and to affiliated organizations of $18,886, $31,061 and $19,041 respectively (2010 - $22,821, $29,643 and $8,056) are denominated in US dollars.

13. capital disclosures

The Organizations's objectives in managing its capital, which it defines as its net assets, are to maintain a sufficient level to provide for normal operating requirements on an ongoing basis, to ensure internal restrictions are sustained, and to continue its mission as disclosed in Note 1. The Organization manages its capital by ensuring it has sufficient funds before committing to expenditures.

As a Registered Charity, the Organization is required to devote its resources to activities in pursuit of its own charitable purposes. Failure to comply can lead to the revocation of the Organization's charitable status. The Organization was in compliance with these requirements for the current fiscal year.