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

non-consolidated financial statements

>YEAR ENDED DECEMBER 31, 2013

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, 2013

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& 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, 2013, and the non-consolidated statements of operations, changes in net assets and 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 accounting standards for not-for-profit organizations, 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, 2013, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

McClurkin Ahier & Company LLP.

Waterloo, Ontario
March 31, 2014

LICENSED PUBLIC ACCOUNTANTS
CHARTERED ACCOUNTANTS

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

non-consolidated statement of financial position

>DECEMBER 31, 2013

	2013	2012
assets		
current		
Cash	$ 367,207	$ 526,006
Other investments (Note 3)	173,448	205,697
Accounts receivable	26,553	61,934
Prepaid expenses	117,834	45,157
Due from affiliated organizations (Note 4)	118,915	193,865
	803,957	1,032,659
other investments - restricted (Note 6)	33,821	31,826
capital assets (Note 7)	47,932	28,858
	$ 885,710	$ 1,093,343
liabilities		
current		
Accounts payable and accrued liabilities	$ 101,880	$ 156,713
Government remittances payable	9,754	12,805
Note payable	-	200,000
Due to affiliated organizations (Note 4)	74,455	23,803
	186,089	393,321
commitments and contingencies (Notes 9 & 10)		
net assets		
Endowment fund	33,821	31,826
Investment in capital assets	47,932	28,856
Internally restricted	616,323	634,936
Unrestricted	1,545	4,404
	699,621	700,022
	$ 885,710	$ 1,093,343

Approved on behalf of the board:

Director

Director

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

non-consolidated statement of changes in net assets

>YEAR ENDED DECEMBER 31, 2013

	restricted for endowment purposes	invested in capital assets	internally restricted	unrestricted	2013 total	2012 total
net assets, beginning of year	$ 31,826	$ 28,856	$ 634,936	$ 4,404	$ 700,022	$ 573,115
Excess of revenue over expenses for year	-	-	2,022	(2,423)	(401)	126,907
Unrealized gain (loss) on investments held for endowment purposes	1,995	-	(1,995)	-	-	-
Amortization	-	(21,797)	19,621	2,176	-	-
Investment in capital assets	-	40,873	(38,261)	(2,612)	-	-
net assets, end of year	$ 33,821	$ 47,932	$ 616,323	$ 1,545	$ 699,621	$ 700,022

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

non-consolidated statement of operations

>YEAR ENDED DECEMBER 31, 2013

	general	internally restricted	2013 total	2012 total
revenue				
Donations	$ 59,704	$ 3,962,780	$ 4,022,484	$ 5,680,909
Gain on foreign exchange	-	(1,150)	(1,150)	2,749
Other income	78,485	160,990	239,475	239,089
	138,189	4,122,620	4,260,809	5,922,747
expenses				
Amortization	2,176	19,621	21,797	20,375
Contributions to Joint Venture (Note 11)	-	21,659	21,659	39,031
Facility	37,097	265,298	302,395	288,736
Food, accommodation and travel	12,733	724,013	736,746	901,447
Fundraising	-	19,679	19,679	467,560
Gifts to qualified donees	-	138,393	138,393	1,108,434
Office	91,438	148,518	239,956	281,342
Program development	595	701,032	701,627	577,105
Salaries and benefits	383,778	1,695,180	2,078,958	2,111,810
Leadership and administration	(387,205)	387,205	-	-
	140,612	4,120,598	4,261,210	5,795,840
excess of revenue over expenses for year	$ (2,423)	$ 2,022	$ (401)	$ 126,907

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

non-consolidated statement of cash flows

>YEAR ENDED DECEMBER 31, 2013

	2013	2012
operating activities		
	$ (401)	$ 126,907
Adjustments for:		
Amortization	21,797	20,375
	21,396	147,282
Changes in non-cash working capital:		
Decrease in accounts receivable	35,381	35,751
Increase in prepaid expenses	(72,677)	56,120
Decrease in due from affiliated organizations	74,950	(154,767)
Decrease in accounts payable and accrued liabilities	(54,832)	(28,283)
Decrease in government remittances payable	(3,051)	33,345
Increase in due to affiliated organizations	50,652	(20,618)
	51,819	68,830
financing activities		
Decrease in note payable	(200,000)	-
investing activities		
Net decrease in other investments	30,255	(4,179)
Purchase of capital assets	(40,873)	(20,254)
	(10,618)	(24,433)
Net change in cash for the year	(158,799)	44,397
Cash balance, beginning of year	526,006	481,609
cash balance, end of year	$ 367,207	$ 526,006

notes to non-consolidated financial statements

>DECEMBER 31, 2013

1. organization

Evangelical International Crusades (Canada) Inc., the "Organization", 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 Accounting - These non-consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

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 Elmira, 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, 2013.

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.

Financial Instruments

Measurement of financial instruments
The Organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess of revenue over expenses.

Financial assets measured at amortized cost include cash, accounts receivable, and due from affiliated organizations.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and due to affiliated organizations.

The Organization's financial assets measured at fair value include other investments, i.e. quoted shares.

Impairment - Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized as operating cost. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized as income from operations.

Transaction costs - The Organization recognizes its transaction costs in excess of revenue over expenses in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

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.

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 non-consolidated 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 $530 (2012 - $1,360) that were recognized as donation revenue during the year.

Disclosure and Use of Estimates - The preparation of non-consolidated financial statements in accordance 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 non-consolidated 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. other investments

The major categories of other investments are as follows:

	2013	2012
High interest savings accounts	**$ 83,498**	$ 205,697
Mennonite Foundation of Canada - pooled investment	**33,821**	31,826
Corporate securities	**89,950**	-
	$ 207,269	$ 237,523

The other investments are allocated between unrestricted and restricted as follows:

	2013	2012
Unrestricted	**$ 173,448**	$ 205,697
Restricted for endowment purposes	**33,821**	31,826
	$ 207,269	$ 237,523

4. due to/from affiliated organizations

The Organization has amounts due to/from affiliated organizations operating world wide as International Teams. These amounts are non-interest bearing with no specific terms of repayment.

5. related party transactions

During the year, the Organization received management service fees of $111,725 (2012 - $100,000) from CFI. 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.

Amounts due from related party are non interest bearing with no specific terms of repayment.

6. endowment fund

Of the net assets restricted for endowment purposes, $33,821 (2012 - $31,826) 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.

7. capital assets

	cost	accumulated amortization	net 2013	net 2012
Office furniture	$ 35,372	$ 31,370	$ 4,002	$ 2,214
Vehicles	107,260	67,781	39,479	20,589
Computer equipment	19,728	19,728	-	331
Software	34,784	34,784	-	-
Leasehold improvements	167,079	162,628	4,451	5,724
	$ 364,223	$ 316,291	$ 47,932	$ 28,858

8. bank indebtedness

The Organization has a $250,000 operating line of credit bearing interest at prime plus 1.00%, of which $Nil (2012 - $Nil) was used at year end. As collateral for the operating facility, the Organization has provided a general security agreement and an assignment of fire insurance.

9. 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:

2014	$ 21,054
2015	$ 21,054
2016	$ 21,054
2017	$ 21,054
2018	$ 21,054
thereafter	$ 73,690

10. 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 excess of revenue over expenses in the year incurred.

11. 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 $243,537 and $126,527 (2012 - $59,275 and $95,204) 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 $21,659 (2012 - $39,031) towards the costs of worldwide leadership and training.

12. financial instruments

Risk Management - The significant risks to which the Organization is exposed are currency risk, liquidity risk and market risk.

Currency Risk - Some assets, liabilities, revenues and expenses are exposed to foreign exchange fluctuations. As at December 31, 2013, cash and due from and to affiliated organizations of $9,579, $34,355 and $108,810 respectively (2012 - $8,889, $59,586 and $20,334) are denominated in US dollars.

Liquidity Risk - Liquidity risk is the risk that the Organization will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the Organization's cash requirements. Additional cash requirements are met with the use of the available borrowings under long term credit arrangements. The available operating line of credit provides flexibility in the short term to meet operational needs and bridge long term financing. The Organization's borrowing arrangements are concentrated with a single Canadian financial institution.

Market Risk - The Company's investments in publicly-traded securities and mutual funds expose the Company to price risks as equity and fixed income (within the mutual funds) investments are subject to price changes in an open market. Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, equity market fluctuations and other relevant market rate or price changes. Market risk is directly influenced by the volatility and liquidity in the markets in which the underlying assets are traded. The Company's investments are primarily concentrated in Canada limiting the market risk associated with fluctuations in foreign currency.