

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

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**consolidated  
financial statements**

>YEAR ENDED DECEMBER 31, 2014

MAC LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

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

# consolidated financial statements

>YEAR ENDED DECEMBER 31, 2014

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Evangelical International Crusades Canada, Inc., which comprise the consolidated statement of financial position as at December 31, 2014, and the 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 Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these 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 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 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 consolidated financial statements.

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

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Evangelical International Crusades Canada, Inc. as at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Waterloo, Ontario  
March 31, 2015

*MAC LLP.*

LICENSED PUBLIC ACCOUNTANTS  
CHARTERED PROFESSIONAL ACCOUNTANTS

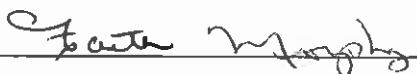
EVANGELICAL INTERNATIONAL CRUSADES CANADA, INC.  
O/A INTERNATIONAL TEAMS OF CANADA >

# consolidated statement of financial position

>DECEMBER 31, 2014

	2014	2013
<i>assets</i>		
<b>current</b>		
Cash	\$ 438,719	\$ 505,182
Other investments (Note 3)	66	173,448
Accounts receivable	28,033	26,553
Prepaid expenses	143,748	190,018
Due from affiliated organizations (Note 4)	<u>16,350</u>	<u>-</u>
	626,916	895,201
<b>other investments - restricted (Notes 3 &amp; 5)</b>	31,826	33,821
<b>capital assets (Note 6)</b>	<u>46,402</u>	<u>49,830</u>
	<u>\$ 705,144</u>	<u>\$ 978,852</u>
<i>liabilities</i>		
<b>current</b>		
Accounts payable and accrued liabilities	\$ 102,668	\$ 111,476
Government remittances payable	2,193	4,310
Due to affiliated organizations (Note 4)	<u>30,878</u>	<u>74,455</u>
	<u>135,739</u>	<u>190,241</u>
<b>commitments and contingencies (Notes 8 &amp; 9)</b>		
<i>net assets</i>		
Endowment fund	31,826	33,821
Investment in capital assets	46,402	49,830
Internally restricted	480,198	745,595
Unrestricted	<u>10,979</u>	<u>(40,635)</u>
	<u>569,405</u>	<u>788,611</u>
	<u>\$ 705,144</u>	<u>\$ 978,852</u>

Approved on behalf of the board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

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

# consolidated statement of changes in net assets

>YEAR ENDED DECEMBER 31, 2014

	restricted for endowment purposes	invested in capital assets	internally restricted	unrestricted	2014 total	2013 total
<b>net assets, beginning of year</b>	\$ 33,821	\$ 49,830	\$ 745,595	\$ (40,635)	\$ 788,611	\$ 773,352
Deficiency of revenue over expenses for year	-	-	(287,116)	67,910	(219,206)	15,259
Unrealized loss on investments held for endowment purposes	(1,995)	-	1,995	-	-	-
Amortization	-	(22,511)	19,724	2,787	-	-
Investment in capital assets	-	19,083	-	(19,083)	-	-
<b>net assets, end of year</b>	<u>\$ 31,826</u>	<u>\$ 46,402</u>	<u>\$ 480,198</u>	<u>\$ 10,979</u>	<u>\$ 569,405</u>	<u>\$ 788,611</u>

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

# consolidated statement of operations

>YEAR ENDED DECEMBER 31, 2014

			2014	2013
	general	internally restricted	total	total
<b>revenue</b>				
Donations	\$ 97,470	\$ 3,876,206	\$ 3,973,676	\$ 4,679,018
Gain on foreign exchange	1,153	(4,212)	(3,059)	(654)
Other income	-	213,803	213,803	135,480
	<u>98,623</u>	<u>4,085,797</u>	<u>4,184,420</u>	<u>4,813,844</u>
<b>expenses</b>				
Amortization	2,787	19,724	22,511	22,599
Contributions to Joint Venture (Note 10)	-	11,836	11,836	21,659
Facility	34,828	167,572	202,400	302,395
Food, accommodation and travel	14,429	849,582	864,011	957,343
Fundraising	-	63,049	63,049	19,982
Gifts to qualified donees	-	117,150	117,150	140,608
Office	118,813	200,252	319,065	319,968
Program development	454	669,715	670,169	850,444
Salaries and benefits	297,591	1,835,844	2,133,435	2,163,587
Leadership and administration	(438,189)	438,189	-	-
	<u>30,713</u>	<u>4,372,913</u>	<u>4,403,626</u>	<u>4,798,585</u>
<b>deficiency of revenue over expenses for year</b>	<u>\$ 67,910</u>	<u>\$ (287,116)</u>	<u>\$ (219,206)</u>	<u>\$ 15,259</u>

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

# consolidated statement of cash flows

>YEAR ENDED DECEMBER 31, 2014

	2014	2013
<b>operating activities</b>		
Deficiency of revenue over expenses for year	\$ (219,206)	\$ 15,259
Adjustments for:		
Amortization	<u>22,511</u>	<u>22,599</u>
	(196,695)	37,858
Changes in non-cash working capital:		
Increase in accounts receivable	(1,480)	35,426
Increase in government remittances payable	-	7,765
Decrease in government remittances recoverable	(2,117)	(87,708)
Decrease in prepaid expenses	46,270	59,586
Increase in due from affiliated organizations	(16,350)	(52,901)
Decrease in accounts payable and accrued liabilities	(8,806)	54,120
Decrease in due to affiliated organizations	<u>(43,577)</u>	<u>(3,468)</u>
	<u>(222,755)</u>	<u>50,678</u>
<b>financing activities</b>		
Decrease in note payable	-	<u>(200,000)</u>
<b>investing activities</b>		
Net decrease in other investments	175,376	31,304
Purchase of capital assets	<u>(19,084)</u>	<u>(40,873)</u>
	<u>156,292</u>	<u>(9,569)</u>
Net change in cash for the year	(66,463)	(158,891)
Cash balance, beginning of year	<u>505,182</u>	<u>664,073</u>
<b>cash balance, end of year</b>	<b><u>\$ 438,719</u></b>	<b><u>\$ 505,182</u></b>



# notes to consolidated financial statements

>DECEMBER 31, 2014

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## 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 financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

**Principles of Consolidation** - The consolidated financial statements include the accounts of Careforce International Organization (CFI), a controlled charitable organization operating out of Elmira, Ontario. Inter-organization accounts and transactions have been eliminated.

**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.

**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** - 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 the amounts due from affiliated organizations.

## notes to consolidated financial statements

>DECEMBER 31, 2014

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Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and the amounts 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 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 \$1,001 (2013 - \$2,111) that were recognized as donation revenue during the year.

**Disclosure and Use of Estimates** - The preparation of 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 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.

EVANGELICAL INTERNATIONAL CRUSADES CANADA, INC.  
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# notes to consolidated financial statements

>DECEMBER 31, 2014

## 3. other investments

The major categories of other investments are as follows:

	2014	2013
High interest savings accounts	\$ 66	\$ 83,498
Mennonite Foundation of Canada - pooled investment	31,826	33,821
Corporate securities	<u>-</u>	<u>89,950</u>
	<u>\$ 31,892</u>	<u>\$ 207,269</u>

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

	2014	2013
Unrestricted	\$ 66	\$ 173,448
Restricted for endowment purposes	<u>31,826</u>	<u>33,821</u>
	<u>\$ 31,892</u>	<u>\$ 207,269</u>

## 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. endowment fund

Of the net assets restricted for endowment purposes, \$31,826 (2013 - \$33,821) 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.

## 6. capital assets

	cost	accumulated amortization	net 2014	net 2013
Office furniture	\$ 40,936	\$ 37,424	\$ 3,512	\$ 5,900
Vehicles	100,753	80,125	20,628	39,479
Computer equipment	22,677	22,677	-	-
Software	38,722	38,722	-	-
Leasehold improvements	167,079	163,900	3,179	4,451
Training centre	<u>19,083</u>	<u>-</u>	<u>19,083</u>	<u>-</u>
	<u>\$ 389,250</u>	<u>\$ 342,848</u>	<u>\$ 46,402</u>	<u>\$ 49,830</u>

## notes to consolidated financial statements

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### 7. bank indebtedness

The Organization has a \$250,000 operating line of credit bearing interest at prime plus 1.00%, of which \$Nil (2013 - \$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.

### 8. 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:

2015	\$	21,899
2016	\$	21,899
2017	\$	21,899
2018	\$	21,899
2019	\$	21,899
thereafter	\$	75,805

### 9. 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.

### 10. 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 \$80,028 and \$151,879 (2013 - \$243,537 and \$126,527) 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 \$11,836 (2013 - \$21,659) towards the costs of world wide leadership and training.

### 11. subsequent events

Effective March 10, 2015, the name of the Organization was changed to International Teams Canada Inc.

## notes to consolidated financial statements

>DECEMBER 31, 2014

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### 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, 2014, cash and due from and to affiliated organizations of \$8,725, \$16,350 and \$30,878 respectively (2013 - \$13,010, \$34,355 and \$108,810) 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 Organization'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 Organization's investments are primarily concentrated in Canada limiting the market risk associated with fluctuations in foreign currency.