

INTERNATIONAL TEAMS CANADA INC. >

**consolidated
financial statements**

>YEAR ENDED DECEMBER 31, 2015

MAC LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INTERNATIONAL TEAMS CANADA INC.

consolidated financial statements

>YEAR ENDED DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Members of International Teams Canada Inc.:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of International Teams Canada Inc., which comprise the consolidated statement of financial position as at December 31, 2015, 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 International Teams Canada Inc. as at December 31, 2015, 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, 2016

MAC LLP.

LICENSED PUBLIC ACCOUNTANTS
CHARTERED PROFESSIONAL ACCOUNTANTS


INTERNATIONAL TEAMS CANADA INC.

consolidated statement of financial position

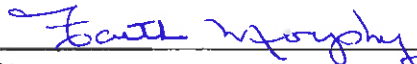
>DECEMBER 31, 2015

	2015	2014
assets		
current		
Cash	\$ 484,152	\$ 438,719
Other investments (Note 3)	257	66
Accounts receivable	15,283	28,033
Prepaid expenses	128,456	143,748
Due from affiliated organizations (Note 4)	<u>34,426</u>	<u>16,350</u>
	662,574	626,916
other investments - restricted (Notes 3 & 5)	31,826	31,826
capital assets (Note 6)	<u>76,666</u>	<u>46,402</u>
	<u>\$ 771,066</u>	<u>\$ 705,144</u>
liabilities		
current		
Accounts payable and accrued liabilities	\$ 42,131	\$ 102,668
Government remittances payable	5,689	2,193
Due to affiliated organizations (Note 4)	<u>23,728</u>	<u>30,878</u>
	<u>71,548</u>	<u>135,739</u>
commitments and contingencies (Notes 8 & 9)		
net assets		
Endowment fund	31,826	31,826
Investment in capital assets	76,666	46,402
Internally restricted	591,026	480,198
Unrestricted	<u>-</u>	<u>10,979</u>
	<u>699,518</u>	<u>569,405</u>
	<u>\$ 771,066</u>	<u>\$ 705,144</u>

Approved on behalf of the board:



 Director



 Director

INTERNATIONAL TEAMS CANADA INC.

consolidated statement of changes in net assets

>YEAR ENDED DECEMBER 31, 2015

	restricted for endowment purposes	invested in capital assets	internally restricted	unrestricted	2015 total	2014 total
net assets, beginning of year	\$ 31,826	\$ 46,402	\$ 480,198	\$ 10,979	\$ 569,405	\$ 788,611
Excess of revenue over expenses for year	-	-	122,726	7,387	130,113	(219,206)
Amortization	-	(15,196)	12,689	2,507	-	-
Investment in capital assets	-	45,460	(45,460)	-	-	-
Transfers	-	-	20,873	(20,873)	-	-
net assets, end of year	\$ 31,826	\$ 76,666	\$ 591,026	\$ -	\$ 699,518	\$ 569,405

INTERNATIONAL TEAMS CANADA INC.

consolidated statement of operations

>YEAR ENDED DECEMBER 31, 2015

			2015	2014
	general	internally restricted	total	total
revenue				
Donations	\$ 35,890	\$ 3,645,130	\$ 3,681,020	\$ 3,973,676
Gain on foreign exchange	-	6,640	6,640	(3,059)
Other income	<u>2,513</u>	<u>70,735</u>	<u>73,248</u>	<u>213,803</u>
	<u>38,403</u>	<u>3,722,505</u>	<u>3,760,908</u>	<u>4,184,420</u>
expenses				
Amortization	2,507	12,689	15,196	22,511
Contributions to Joint Venture (Note 10)	-	7,115	7,115	11,836
Facility	30,458	152,613	183,071	202,400
Food, accommodation and travel	13,411	686,312	699,723	864,011
Fundraising	-	21,606	21,606	63,049
Gifts to qualified donees	-	78,833	78,833	117,150
Office	97,026	123,751	220,777	319,065
Program development	716	623,829	624,545	670,169
Salaries and benefits	272,833	1,507,096	1,779,929	2,133,435
Leadership and administration	<u>(385,935)</u>	<u>385,935</u>	<u>-</u>	<u>-</u>
	<u>31,016</u>	<u>3,599,779</u>	<u>3,630,795</u>	<u>4,403,626</u>
Excess of revenue over expenses for year	<u>\$ 7,387</u>	<u>\$ 122,726</u>	<u>\$ 130,113</u>	<u>\$ (219,206)</u>

INTERNATIONAL TEAMS CANADA INC.

consolidated statement of cash flows

>YEAR ENDED DECEMBER 31, 2015

	2015	2014
operating activities		
Excess of revenue over expenses for year	\$ 130,113	\$ (219,206)
Adjustments for:		
Amortization	<u>15,196</u>	<u>22,511</u>
	145,309	(196,695)
Changes in non-cash working capital:		
Decrease in accounts receivable	12,750	(1,480)
Increase in government remittances payable	3,496	-
Decrease in government remittances recoverable	-	(2,117)
Decrease in prepaid expenses	15,292	46,270
Increase in due from affiliated organizations	(18,076)	(16,350)
Decrease in accounts payable and accrued liabilities	(60,537)	(8,806)
Decrease in due to affiliated organizations	<u>(7,150)</u>	<u>(43,577)</u>
	<u>91,084</u>	<u>(222,755)</u>
investing activities		
Net increase in other investments	(190)	175,376
Purchase of capital assets	<u>(45,461)</u>	<u>(19,084)</u>
	<u>(45,651)</u>	<u>156,292</u>
Net change in cash for the year	45,433	(66,463)
Cash balance, beginning of year	<u>438,719</u>	<u>505,182</u>
cash balance, end of year	<u>\$ 484,152</u>	<u>\$ 438,719</u>

notes to consolidated financial statements

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1. organization

International Teams 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, fee for service income and rental income. Registration fees are recognized as revenue when the related event takes place. Fee for service income is recognized when the related services are provided. 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 due from affiliated organizations.

notes to consolidated financial statements

>DECEMBER 31, 2015

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 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 \$Nil (2014 - \$1,001) 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.

notes to consolidated financial statements

>DECEMBER 31, 2015

3. other investments

The major categories of other investments are as follows:

	2015	2014
Mennonite Foundation of Canada - pooled investment	\$ 31,826	\$ 31,826
Corporate securities	<u>257</u>	<u>66</u>
	<u>\$ 32,083</u>	<u>\$ 31,892</u>

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

	2015	2014
Unrestricted	\$ 257	\$ 66
Restricted for endowment purposes	<u>31,826</u>	<u>31,826</u>
	<u>\$ 32,083</u>	<u>\$ 31,892</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 (2014 - \$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.

6. capital assets

	cost	accumulated amortization	net 2015	net 2014
Office furniture	\$ 34,126	\$ 32,664	\$ 1,462	\$ 3,512
Vehicles	118,086	92,814	25,272	20,628
Computer equipment	18,507	18,507	-	-
Software	34,784	34,784	-	-
Leasehold improvements	167,080	165,172	1,908	3,179
Training centre	<u>48,024</u>	<u>-</u>	<u>48,024</u>	<u>19,083</u>
	<u>\$ 420,607</u>	<u>\$ 343,941</u>	<u>\$ 76,666</u>	<u>\$ 46,402</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 (2014 - \$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:

2016	\$	15,794
2017	\$	15,794
2018	\$	15,794
2019	\$	15,794
2020	\$	15,794
thereafter	\$	39,403

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 \$78,219 and \$129,390 (2014 - \$80,028 and \$151,879) 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 \$7,155 (2014 - \$11,836) towards the costs of world wide leadership and training.

notes to consolidated financial statements

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11. 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, 2015, cash and due from and to affiliated organizations of \$29,525, \$34,426 and \$23,728 respectively (2014 - \$7,554, \$16,350 and \$30,878) 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.

12. subsequent event

During the year, the operations of Careforce International Organization (CFI) were transitioned to International Teams Canada Inc. and the operations of CFI ceased. Subsequent to the year end, CFI began the process of being dissolved.