

INTERNATIONAL TEAMS CANADA INC. >

financial statements

>YEAR ENDED DECEMBER 31, 2021

MAC LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INTERNATIONAL TEAMS CANADA INC.

financial statements

>YEAR ENDED DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members of International Teams Canada Inc.:

Opinion

We have audited the financial statements of International Teams Canada Inc., the "Organization", which comprise the statement of financial position as at December 31, 2021, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2021, and the results of its 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 report. We are independent of the Organization 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 these financial statements in accordance with Canadian accounting standards for not-for-profit organization 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

We 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.

MAC LLP.

Waterloo, Ontario
March 30, 2022

LICENSED PUBLIC ACCOUNTANTS
CHARTERED PROFESSIONAL ACCOUNTANTS

INTERNATIONAL TEAMS CANADA INC.

statement of financial position

>DECEMBER 31, 2021

	2021	2020
assets		
current		
Cash	\$ 783,942	\$ 609,640
Accounts receivable	1,532	10,317
Prepaid expenses	39,449	28,912
Due from affiliated organizations (Note 3)	<u>126,165</u>	<u>127,499</u>
	951,088	776,368
other investments - restricted (Note 4)	31,250	31,250
capital assets (Note 5)	<u>449,357</u>	<u>449,142</u>
	<u>\$ 1,431,695</u>	<u>\$ 1,256,760</u>
liabilities		
current		
Accounts payable and accrued liabilities	\$ 42,151	\$ 61,297
Government remittances payable	1,515	4,676
Due to affiliated organizations (Note 3)	<u>-</u>	<u>14,728</u>
	43,666	80,701
Canada Emergency Business Account (Note 6)	<u>30,000</u>	<u>40,000</u>
	<u>73,666</u>	<u>120,701</u>
commitments and contingencies (Note 7)		
net assets		
Endowment fund	31,250	31,250
Investment in capital assets	449,357	449,142
Programs	796,709	620,262
Unrestricted	<u>80,713</u>	<u>35,405</u>
	<u>1,358,029</u>	<u>1,136,059</u>
	<u>\$ 1,431,695</u>	<u>\$ 1,256,760</u>

Approved on behalf of the board:



Director



Director

INTERNATIONAL TEAMS CANADA INC.

statement of changes in net assets

>YEAR ENDED DECEMBER 31, 2021

	restricted for endowment purposes	invested in capital assets	programs	unrestricted	2021 total	2020 total
net assets, beginning of year	\$ 31,250	\$ 449,142	\$ 620,262	\$ 35,405	\$ 1,136,059	\$ 969,274
Surplus of revenue over expenses for year	-	-	176,971	44,999	221,970	166,785
Loss on investments						
Amortization	-	(70,445)	70,136	309	-	-
Investment in capital assets	-	70,660	(70,660)	-	-	-
net assets, end of year	<u>\$ 31,250</u>	<u>\$ 449,357</u>	<u>\$ 796,709</u>	<u>\$ 80,713</u>	<u>\$ 1,358,029</u>	<u>\$ 1,136,059</u>

INTERNATIONAL TEAMS CANADA INC.

statement of operations

>YEAR ENDED DECEMBER 31, 2021

	2021			2020
	general	programs	total	total
revenue				
Donations	\$ 105	\$ 1,898,258	\$ 1,898,363	\$ 2,067,312
(Loss) Gain on foreign exchange	-	(845)	(845)	(9,615)
Other income	<u>90,964</u>	<u>6,131</u>	<u>97,095</u>	<u>173,201</u>
	<u>91,069</u>	<u>1,903,544</u>	<u>1,994,613</u>	<u>2,230,898</u>
expenses				
Amortization	309	70,136	70,445	68,383
Facility	31,746	65,695	97,441	93,379
Food, accommodation and travel	1,107	156,263	157,370	218,025
Fundraising	-	11,889	11,889	8,814
Gifts to qualified donees	-	2,005	2,005	3,483
Office	69,885	75,758	145,643	120,440
Program development	569	238,997	239,566	363,228
Salaries and benefits	151,707	896,577	1,048,284	1,188,361
Leadership and administration	<u>(209,253)</u>	<u>209,253</u>	<u>-</u>	<u>-</u>
	<u>46,070</u>	<u>1,726,573</u>	<u>1,772,643</u>	<u>2,064,113</u>
surplus of revenue				
over expenses for year	<u>\$ 44,999</u>	<u>\$ 176,971</u>	<u>\$ 221,970</u>	<u>\$ 166,785</u>

INTERNATIONAL TEAMS CANADA INC.

statement of cash flows

> YEAR ENDED DECEMBER 31, 2021

	2021	2020
operating activities		
Excess of revenue over expenses for year	\$ 221,970	\$ 166,785
Adjustments for:		
Amortization	<u>70,445</u>	<u>68,383</u>
	292,415	235,168
Changes in non-cash working capital:		
Decrease in accounts receivable	8,785	(7,620)
Increase in prepaid expenses	(10,537)	73,195
Decrease in due from affiliated organizations	1,334	97,774
Decrease in accounts payable and accrued liabilities	(19,146)	13,246
Decrease in government remittances payable	(3,161)	554
Decrease in due to affiliated organizations	<u>(14,728)</u>	<u>(20,782)</u>
	<u>254,962</u>	<u>391,535</u>
financing activities		
Recognition of forgivable portion of CEBA	<u>(10,000)</u>	<u>40,000</u>
investing activities		
Net decrease in other investments	-	576
Purchase of capital assets	<u>(70,660)</u>	<u>(30,678)</u>
	<u>(70,660)</u>	<u>(30,102)</u>
Net change in cash for the year	174,302	401,433
Cash balance, beginning of year	<u>609,640</u>	<u>208,207</u>
cash balance, end of year	<u>\$ 783,942</u>	<u>\$ 609,640</u>

notes to financial statements

> DECEMBER 31, 2021

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 partnership agreements.

2. significant accounting policies

Basis of Accounting - These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Fund Accounting - The Organization maintains accounts in accordance with the principles of fund accounting. Fund balances of the Organization are classified for accounting and reporting purposes into the following funds to be used according to the directions of the donor or as determined by the Organization.

The General Fund reports the contributions received towards the operation of the Organization that have not been designated to a separate fund or project.

The Programs Fund accounts for the contributions received to be spent on the mission of the Organization.

The Endowment Fund accounts for contributions stipulating that the resources be maintained permanently. Investment income derived from these assets is to be used for training purposes.

Revenue Recognition - The Organization follows the restricted fund 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. Unrestricted contributions are recognized as revenue in the General Fund in the year received. Endowment contributions are recognized as direct increases to net assets.

Other revenue includes registration fees and fee for service 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.

Government subsidies related to COVID-19 supports are recognized as earned.

notes to financial statements

> DECEMBER 31, 2021

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 the statement of operations.

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.

The Organization's financial assets measured at fair value include other investments.

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
Buildings in field	Straight line	10 %
Office furniture	Straight line	20 %
Vehicles	Straight line	30 %
Computer equipment	Straight line	25 %
Software	Straight line	100 %
Leasehold improvements	Straight line	20 %

Freehold land is not amortized.

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. No contributed materials were recognized as donation revenue during the year.

notes to financial statements

>DECEMBER 31, 2021

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.

3. due to/from affiliated organizations

The Organization has amounts due to/from partner organizations. These amounts are non-interest bearing with no specific terms of repayment.

4. other investments

The major categories of other investments are as follows:

	2021	2020
Abundance Canada - pooled investment, restricted for endowment purposes	\$ <u>31,250</u>	\$ <u>31,250</u>

5. capital assets

	cost	accumulated amortization	net 2021	net 2020
Land and buildings in field	\$ 645,444	\$ 237,454	\$ 407,990	\$ 446,406
Office furniture	33,760	33,663	97	406
Vehicles	146,355	105,085	41,270	2,330
Computer equipment	12,485	12,485	-	-
Software	14,267	14,267	-	-
Leasehold improvements	<u>167,080</u>	<u>167,080</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,019,391</u>	<u>\$ 570,034</u>	<u>\$ 449,357</u>	<u>\$ 449,142</u>

notes to financial statements

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6. long term debt

	2021	2020
Canada Emergency Business Account - bank term loan, interest free until December 31, 2022, interest at 5% thereafter, \$10,000 eligible for forgiveness if remainder is repaid before December 31, 2023, due in 2026.	\$ 40,000	\$ 40,000
Forgivable portion of loan	<u>(10,000)</u>	<u>-</u>
	<u>\$ 30,000</u>	<u>\$ 40,000</u>

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:

2022	\$ 9,076
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8. international operations, assets and measurement uncertainty

The international operations of the Organization are carried on by employees of the Organization through partnership and agency agreements. The Organization has consistently followed the policy of expensing most 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 \$1,970 and \$18,903 (2020 - \$47,875 and \$109,595) to One Collective (formerly known as International Teams US) and affiliated organizations, respectively. These contributions were applied towards the cost of foreign missionaries carrying out the mandate of the Organization.

9. financial instruments

Risk Management - The significant risks to which the Organization is exposed are currency risk, liquidity risk and market risk. There has been no change to the risk exposures from the prior year.

Currency Risk - Some assets, liabilities, revenues and expenses are exposed to foreign exchange fluctuations. As at December 31, 2021, cash and due from and to affiliated organizations of \$350,058, \$126,165 and \$0 respectively (2020 - \$41,276, \$127,499 and \$14,728) 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.

INTERNATIONAL TEAMS CANADA INC.

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Market Risk - The Organization's investments in publicly-traded securities and mutual funds expose the Organization 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.