

Our Daily Bread Ministries Canada

Financial Statements

For the year ended March 31, 2021

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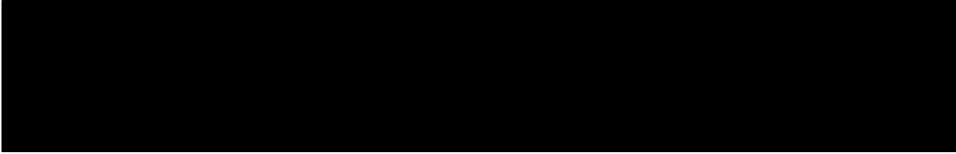
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Independent Auditor's Report

To the Board of Directors of Our Daily Bread Ministries Canada

Opinion

We have audited the financial statements of Our Daily Bread Ministries Canada, which comprise the statement of financial position as at March 31, 2021, 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 Our Daily Bread Ministries Canada as at March 31, 2021, and its financial performance and 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 Our Daily Bread Ministries Canada 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 the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Our Daily Bread Ministries Canada'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 Our Daily Bread Ministries Canada or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Our Daily Bread Ministries Canada'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 Our Daily Bread Ministries Canada'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 Our Daily Bread Ministries Canada'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 Our Daily Bread Ministries Canada 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.



Chartered Professional Accountants, Licensed Public Accountants
Windsor, Ontario



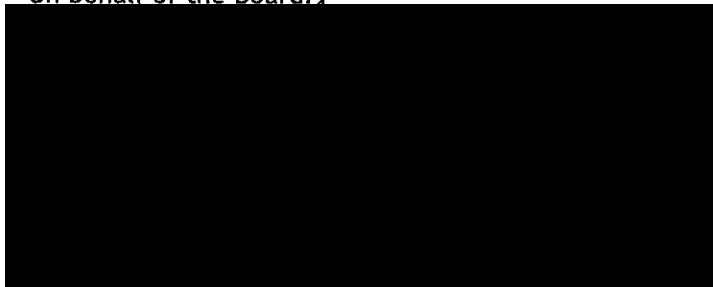
Our Daily Bread Ministries Canada
Statement of Financial Position

March 31,	2021	2020
Assets		
Current		
Cash (Note 7)	\$ 1,596,550	\$ 548,396
Investments (Note 2 and 7)	1,196,919	1,010,244
Accounts receivable (Note 4)	70,997	93,587
Inventory	69,922	60,753
Prepaid expenses and deposits	134,688	69,490
	3,069,076	1,782,470
Capital assets (Note 3)	1,098,270	1,130,184
	\$ 4,167,346	\$ 2,912,654

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities	\$ 116,748	\$ 122,987
Accrued salaries	21,596	18,865
Due to other organizations (Note 4)	106,060	89,693
Donor deposit agreements (Note 5)	12,600	12,600
	257,004	244,145
Net Assets		
Net assets invested in capital assets	1,098,270	1,130,184
Unrestricted net assets	2,812,072	1,538,325
	3,910,342	2,668,509
	\$ 4,167,346	\$ 2,912,654

On behalf of the Board:



Director

Director

Our Daily Bread Ministries Canada

Statement of Operations

For the year ended March 31,	Actual 2021	Budget Unaudited 2021	Actual 2020
Revenue			
Contributions	\$ 5,685,979	\$ 4,725,000	\$ 4,564,839
Book sales	434,669	300,000	291,466
Investment income (loss)	168,906	25,000	(48,361)
Other	18,186	-	21,405
	6,307,740	5,050,000	4,829,349
Expenses			
Postage and freight	2,185,870	2,221,000	2,146,192
Printed material (Note 4)	1,271,571	1,117,000	1,122,526
Wages and benefits (Note 6 and 8)	697,254	844,883	776,985
Other operating	636,547	549,400	581,104
Amortization	126,487	119,400	117,885
Paper, envelopes and supplies	81,106	63,317	67,502
Time charges - radio and television	42,908	115,000	111,769
Outside services	23,897	18,000	26,226
Rent	267	2,000	20,676
	5,065,907	5,050,000	4,970,865
Excess of revenue over expenses (expenses over revenue), for the year	1,241,833	-	(141,516)
Net assets, beginning of year	2,668,509	2,668,509	2,810,025
Net assets, end of year	\$ 3,910,342	\$ 2,668,509	\$ 2,668,509

Our Daily Bread Ministries Canada
Statement of Changes in Net Assets

For the year ended March 31,

Net assets	Invested in capital assets	Unrestricted	2021 Total	2020 Total
Balance, beginning of year	\$ 1,130,184	\$ 1,538,325	\$ 2,668,509	\$ 2,810,025
Excess of (expenses over revenue), revenue over expenses	(126,487)	1,368,320	1,241,833	(141,516)
Transfer of interfund	94,573	(94,573)	-	-
Balance, end of year	<u>\$ 1,098,270</u>	<u>\$ 2,812,072</u>	<u>\$ 3,910,342</u>	<u>\$ 2,668,509</u>

Our Daily Bread Ministries Canada

Statement of Cash Flows

For the year ended March 31,	2021	2020
Operating activities		
Excess of revenue over expenses, (expenses over revenue)	\$ 1,241,833	\$ (141,516)
Items not requiring an outlay of cash		
Amortization	126,487	117,885
Loss on disposal of capital assets	2,518	6,805
	<u>1,370,838</u>	<u>(16,826)</u>
Changes in non-cash working capital		
Accounts receivable	22,590	49,401
Inventory	(9,169)	7,648
Prepaid expenses and deposits	(65,198)	14,285
Accounts payable and accrued liabilities	(6,238)	36,863
Accrued salaries	2,731	5,665
Due to other organizations	16,367	(37,693)
	<u>1,331,921</u>	<u>59,343</u>
Financing activities		
Donor deposits received (paid)	-	(29,739)
Investing activities		
Net change in investments	(186,675)	55,654
Purchase of capital assets	(97,092)	(36,510)
	<u>(283,767)</u>	<u>19,144</u>
Increase in cash during the year	1,048,154	48,748
Cash, beginning of year	<u>548,396</u>	<u>499,648</u>
Cash, end of year	\$ 1,596,550	\$ 548,396

Our Daily Bread Ministries Canada

Notes to Financial Statements

March 31, 2021

1. Significant accounting policies

Purpose of organization	<p>Our Daily Bread Ministries Canada ("the Organization") was incorporated as a not-for-profit corporation without share capital in 1959 under the Corporations Act (Ontario). It was imported into the federal jurisdiction by Articles of Continuance issued on January 9, 2015.</p> <p>Its purpose is to advance, promote and manifest the religious doctrines, observances and practices associated with the Gospel of Jesus Christ by spreading the Christian faith through publication and distribution of religious publication and audio-visual materials, religious broadcasting, religious education programs and religious worship and fellowship activities.</p> <p>The Organization is a not-for-profit exempt from Canadian income taxes. Accordingly, no provision has been made for income taxes in the accompanying financial statements.</p>
Basis of accounting	<p>The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.</p>
Functional currency	<p>All information in these financial statements is presented in Canadian dollars.</p>
Fund accounting	<p>The financial statements present the financial position and activities according to the deferral method into three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.</p>
Revenue recognition	<p>Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations. All contributions received are unrestricted.</p>

Our Daily Bread Ministries Canada

Notes to Financial Statements

March 31, 2021

1. Significant accounting policies (continued)

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 amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.										
Financial instruments	Financial instruments are recorded at fair value when acquired or issued. All bonds and guaranteed investment certificates have been designated to be in the fair value category, with gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.										
Inventory	Inventory is stated at the lower of cost, or net realizable value; principally determined by the first in, first out method.										
Short-term investments	Short-term investments in equities quoted in an active market are accounted for at fair value. Changes in fair value are recorded through the statement of operations.										
Capital assets	<p>Purchased capital assets in the current year are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided over the useful lives of the respective assets on the straight-line basis. Estimated useful lives for financial reporting purposes are as follows, with half of the amortization taken in the year of acquisition.</p> <table><tr><td>Building</td><td>40 years</td></tr><tr><td>Office equipment</td><td>5-10 years</td></tr><tr><td>Computer equipment</td><td>3-5 years</td></tr><tr><td>Mailing and shipping equipment</td><td>10 years</td></tr><tr><td>Other equipment</td><td>10 years</td></tr></table>	Building	40 years	Office equipment	5-10 years	Computer equipment	3-5 years	Mailing and shipping equipment	10 years	Other equipment	10 years
Building	40 years										
Office equipment	5-10 years										
Computer equipment	3-5 years										
Mailing and shipping equipment	10 years										
Other equipment	10 years										

Our Daily Bread Ministries Canada

Notes to Financial Statements

March 31, 2021

1. Significant accounting policies (continued)

Government assistance Our Daily Bread makes periodic applications for financial assistance under government incentive programs including investment tax credits. Government assistance received during the year for current expenses is included in the determination of net income for the year. Government assistance related to capital expenditures is shown as a reduction of the cost of such assets.

2. Investments

The investments held are summarized as follows:

	2021	2020
Marketable securities	<u>\$ 1,196,919</u>	<u>\$ 1,010,244</u>

The investments noted above earned various interest rates and the fair market value is consistent with the book value.

3. Capital assets

	Cost	Accumulated Amortization	2021	2020
Computer software	\$ 887,775	\$ 310,722	\$ 577,053	\$ 665,831
Building	444,523	237,419	207,104	218,939
Land	160,000	-	160,000	160,000
Office equipment	102,513	56,759	45,754	54,611
Mailing and shipping equipment	32,241	20,739	11,502	11,063
Computer equipment	157,049	63,093	93,956	15,420
Other equipment	5,934	3,033	2,901	4,320
	<u>\$1,790,035</u>	<u>\$ 691,765</u>	<u>\$1,098,270</u>	<u>\$ 1,130,184</u>

Our Daily Bread Ministries Canada
Notes to Financial Statements

March 31, 2021

4. Transactions with other Organizations

██████████ and ██████████ are organizations which provide printing and other services to the Organization. While there are some common directors between these organizations and the Organization, it is limited to a minority of the board of the Organization only. While sharing a common purpose, all entities operate independently and the Organization is not controlled by either of these organizations.

The balances due to and from these organizations are non-interest bearing with no specific terms of repayment. The transactions arose through the course of normal operations and are recorded at the exchange amount which is consistent with the fair value.

A summary of account balances as of March 31, 2021 and 2020 with these organizations and transactions for the years then ended is as follows:

	<u>2021</u>	<u>2020</u>
Purchases from ██████████	\$ 849,343	\$ 856,215
Due to ██████████	\$ 93,577	\$ 89,693
Due to ██████████	12,483	-
	<u>\$ 106,060</u>	<u>\$ 89,693</u>

5. Donor deposit agreements

Under revocable donor deposit agreements, the Organization receives, maintains, and pays interest annually on funds from donors which can be withdrawn on demand by the donor. Upon death of the donor, the remaining funds are recorded as unrestricted contribution revenue.

Our Daily Bread Ministries Canada
Notes to Financial Statements

March 31, 2021

6. Retirement plan

The Organization maintains a defined contribution retirement plan available for all employees who have been with the Organization for over 12 months. The Organization contributions to the Plan are computed at 4% of the prior year annual wages and are paid in monthly instalments during the year. Employees may also contribute to the plan and are fully vested in all contributions immediately. Contributions to this plan during the year totaled \$23,380 (2020 - \$24,601).

7. Financial instruments

Credit risk

The Organization maintains guaranteed investment contracts, demand deposits and money market funds and these funds are insured by the Canada Deposit Insurance Corporation up to \$100,000 in each bank. Some balances in these banks exceed insured limits at as March 31, 2021. The Organization's management believes it is not exposed to significant credit risks on cash balances.

Liquidity risk

Liquidity risk is the risk that the organization encounters difficulty in meeting its obligations with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value which is less than what they are worth; or may be unable to settle or recover a financial asset.

This risk is reduced due to considerable sums invested in term deposits. Trade accounts payable and accrued liabilities are generally repaid within 30 days.

The Organization manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.

Our Daily Bread Ministries Canada
Notes to Financial Statements

March 31, 2021

8. Impact of COVID-19

The impact of COVID-19 in Canada and on the global economy has been evolving worldwide and emergency measures to combat the spread of the virus are ongoing. These measures have included self-quarantine periods and the shutdown of businesses resulting in an economic slowdown. While the organization continues to operate, it is not possible to reliably estimate the length or effect of these developments, including the impact on the financial results of the organization in future period. The entity's ability to continue to meet obligations as they come due is dependent on the continued receipt of contributions from donors.

During the year, the organization received \$71,093 (2019 - \$Nil) in financial assistance in form of the Canadian Wage Subsidy. This amount has been recorded in payroll expense.

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