
**EVANGELICAL INTERNATIONAL
CRUSADES CANADA, INC.
o/a INTERNATIONAL TEAMS OF CANADA**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2001

**McClurkin Ahier & Company LLP
CHARTERED ACCOUNTANTS**

**EVANGELICAL INTERNATIONAL CRUSADES CANADA, INC.
o/a INTERNATIONAL TEAMS OF CANADA**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2001

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AUDITOR'S REPORT

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

We have audited the statement of financial position of Evangelical International Crusades Canada, Inc. as at December 31, 2001, and the statements of changes in net assets, operations, and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many similar charitable organizations, the organization derives revenue from donations from interested persons, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to donation revenues, excess of revenues over expenses, current assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donation revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2001 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Waterloo, Ontario
March 14, 2002

McClurkin Ahier & Company LLP
CHARTERED ACCOUNTANTS

EVANGELICAL INTERNATIONAL CRUSADES CANADA, INC.
o/a INTERNATIONAL TEAMS OF CANADA

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2001

	<u>2001</u>	<u>2000</u>
ASSETS		
CURRENT		
Cash	\$ 371,561	\$ 425,945
Short term investments (Note 3)	113,749	43,312
Accounts receivable	17,645	24,765
Prepaid expenses	24,446	31,280
Due from affiliated organizations	<u>66,936</u>	<u>70,976</u>
	<u>594,337</u>	<u>596,278</u>
CAPITAL ASSETS , at cost (Notes 2 & 4)	<u>77,733</u>	<u>270,644</u>
	<u>\$ 672,070</u>	<u>\$ 866,922</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 82,100	\$ 47,176
Due to affiliated organizations	43,695	44,693
Deferred contributions (Note 6)	-	83,767
Current portion of long-term debt	<u>-</u>	<u>11,444</u>
	<u>125,795</u>	<u>187,080</u>
LONG-TERM DEBT (Note 7)	<u>-</u>	<u>78,743</u>
	<u>125,795</u>	<u>265,823</u>
NET ASSETS		
RESTRICTED FOR ENDOWMENT PURPOSES (Note 8)	52,788	45,052
INVESTMENT IN CAPITAL ASSETS	77,733	84,446
UNRESTRICTED	<u>415,754</u>	<u>471,601</u>
	<u>546,275</u>	<u>601,099</u>
	<u>\$ 672,070</u>	<u>\$ 866,922</u>

Approved on behalf of the Board:

Director _____

Director _____

EVANGELICAL INTERNATIONAL CRUSADES CANADA, INC.
o/a INTERNATIONAL TEAMS OF CANADA

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2001

	2001			2000	
	Restricted for Endowment <u>Purposes</u>	Invested in Capital <u>Assets</u>	<u>Unrestricted</u>	<u>Total</u>	<u>Total</u>
NET ASSETS, beginning of year	\$ 45,052	\$ 84,446	\$ 471,601	\$ 601,099	\$ 393,614
Excess of revenue over expenses for year	-	(40,677)	(24,147)	(64,824)	207,486
Investment in capital assets	-	33,964	(33,964)	-	-
Endowment contribution	10,000	-	-	10,000	-
Transfers	<u>(2,264)</u>	<u>-</u>	<u>2,264</u>	<u>-</u>	<u>-</u>
NET ASSETS, end of year	<u>\$ 52,788</u>	<u>\$ 77,733</u>	<u>\$ 415,754</u>	<u>\$ 546,275</u>	<u>\$ 601,100</u>

EVANGELICAL INTERNATIONAL CRUSADES CANADA, INC.
o/a INTERNATIONAL TEAMS OF CANADA

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2001

	<u>2001</u>			<u>2000</u>		
	<u>General</u>	<u>Teams and Projects</u>	<u>Total</u>	<u>General</u>	<u>Teams and Projects</u>	<u>Total</u>
REVENUE						
Donations	\$ 255,054	\$ 1,806,121	\$ 2,061,175	\$ 341,627	\$ 1,624,587	\$ 1,966,214
Investment income	10,265	2,835	13,100	11,739	4,298	16,037
Gain on foreign exchange	(442)	-	(442)	8,302	(4,636)	3,666
Other	55,876	36,290	92,166	79,265	24,293	103,558
	<u>320,753</u>	<u>1,845,246</u>	<u>2,165,999</u>	<u>440,933</u>	<u>1,648,542</u>	<u>2,089,475</u>
EXPENSES						
Advertising and promotion	5,121	4,150	9,271	4,741	1,381	6,122
Amortization	29,805	10,872	40,677	34,439	8,159	42,598
Contract labour	10,328	83,835	94,163	26,485	67,576	94,061
Food and accommodations	34,875	257,322	292,197	17,050	154,052	171,102
Interest on long-term debt	-	-	-	-	6,624	6,624
Facility	9,795	4,231	14,026	8,644	6,623	15,267
Other operating costs	12,030	62,024	74,054	3,582	59,343	62,925
Office expenses	73,878	49,590	123,468	69,520	60,750	130,270
Professional fees	8,536	-	8,536	6,843	20	6,863
Salaries and benefits	371,524	916,236	1,287,760	336,619	792,965	1,129,584
Travel	32,049	254,622	286,671	41,120	175,453	216,573
Administration recovery	(209,290)	209,290	-	(179,417)	179,417	-
	<u>378,651</u>	<u>1,852,172</u>	<u>2,230,823</u>	<u>369,626</u>	<u>1,512,363</u>	<u>1,881,989</u>
DEFICIENCY OF REVENUE OVER						
EXPENSES FOR YEAR	<u>\$ (57,898)</u>	<u>\$ (6,926)</u>	<u>\$ (64,824)</u>	<u>\$ 71,307</u>	<u>\$ 136,179</u>	<u>\$ 207,486</u>

EVANGELICAL INTERNATIONAL CRUSADES CANADA, INC.
o/a INTERNATIONAL TEAMS OF CANADA

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2001

	<u>2001</u>	<u>2000</u>
OPERATING ACTIVITIES		
Deficiency of revenue over expenses for year	\$ (64,824)	\$ 207,486
Adjustments for:		
Amortization	<u>40,677</u>	42,598
	<u>(24,147)</u>	<u>250,084</u>
Changes in non-cash working capital:		
Decrease in accounts receivable	7,120	(17,262)
Decrease in prepaids	6,834	(23,262)
Decrease in due from affiliated organizations	4,040	(43,570)
Increase in accounts payable	34,924	2,581
Increase in due to affiliates	<u>11,246</u>	<u>20,880</u>
	<u>64,164</u>	<u>(60,633)</u>
	<u>40,017</u>	<u>189,451</u>
FINANCING ACTIVITIES		
Mortgage	-	11,260
Decrease in deferred contributions	-	(54,392)
Endowment contribution	<u>10,000</u>	
	<u>10,000</u>	<u>(43,132)</u>
INVESTING ACTIVITIES		
Purchase of capital assets	<u>(33,964)</u>	<u>(60,509)</u>
NET CHANGE IN CASH FOR THE YEAR	16,053	85,810
CASH BALANCE , beginning of year	<u>469,257</u>	<u>383,447</u>
CASH BALANCE , end of year	<u>\$ 485,310</u>	<u>\$ 469,257</u>
CASH BALANCE , is represented by:		
Cash	\$ 371,561	\$ 425,945
Short term investments	<u>113,749</u>	<u>43,312</u>
	<u>\$ 485,310</u>	<u>\$ 469,257</u>

**EVANGELICAL INTERNATIONAL CRUSADES CANADA, INC.
o/a INTERNATIONAL TEAMS OF CANADA**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2001

1. ORGANIZATION

Evangelical International Crusades (Canada) Inc. (ITC) 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 presentation

The donor support of ITC consists primarily of the 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 ITC in the furthering of its programs and objectives. These programs are presented on the statement of operations with the activities of the national office segregated under the heading General and the mission and other activities under the heading Teams and Projects.

Recognition of income

The charity follows the deferral method in accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received.

Short term investments

Short term investments are carried at the lower of cost and market value plus accrued interest.

Disclosure and use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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.

EVANGELICAL INTERNATIONAL CRUSADES CANADA, INC.
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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2001

Capital assets and amortization

Capital assets are recorded at cost. Amortization is provided in the accounts using the following methods and annual rates:

<u>Asset</u>	<u>Method</u>	<u>Rate</u>
Office furniture	Straight line	20%
Computer equipment	Straight line	25%
Software	Straight line	100%
Leasehold improvements	Straight line	20%

Capital assets acquired during the year are amortized at one half the above annual rates.

3. SHORT TERM INVESTMENTS

The short term investments consist of corporate bonds and mutual funds. The corporate bonds pay interest semi annually and bear interest of 6.4% to 6.6 %.

Market Value

	<u>2001</u>	<u>2000</u>
Corporate bonds	\$ 48,515	\$ 44,453
Mutual funds	32,457	-
Balanced fund, Restricted for Endowment	<u>35,000</u>	<u>-</u>
	<u>\$ 115,972</u>	<u>\$ 44,453</u>

4. CAPITAL ASSETS, at cost

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2001</u>	<u>Net 2000</u>
Office furniture	\$ 25,287	\$ 5,093	\$ 20,194	\$ 5,573
Computer equipment	145,687	97,513	48,174	67,784
Software	9,851	7,389	2,462	7,388
Leasehold improvements	<u>40,318</u>	<u>33,415</u>	<u>6,903</u>	<u>3,700</u>
	<u>221,143</u>	<u>143,410</u>	<u>77,733</u>	<u>84,445</u>
<u>Restricted</u> (Note 6)				
Building	-	-	-	177,764
Computer equipment	-	-	-	3,693
Equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,742</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>186,199</u>
	<u>\$ 221,143</u>	<u>\$ 143,410</u>	<u>\$ 77,733</u>	<u>\$ 270,644</u>

EVANGELICAL INTERNATIONAL CRUSADES CANADA, INC.
o/a INTERNATIONAL TEAMS OF CANADA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2001

5. FINANCIAL INSTRUMENTS

Fair value

The fair values of cash and term deposits, accounts receivable and accounts payable and accrued liabilities correspond approximately to their carrying amount because of their short term maturity.

Currency risk

Some assets, liabilities, revenues and expenses are exposed to foreign exchange fluctuations. As at December 31, 2001, cash, accounts receivable, accounts payable and mortgage of \$15,989, \$42,590, \$16,240 and \$0 respectively (2000 - \$28,646, \$47,301, \$24,664 and \$60,144) are denominated in US dollars. Cash of \$0 (2000 - \$3,606) is denominated in British pounds.

6. DEFERRED CONTRIBUTIONS

In the preceding year, the assets, liabilities, net assets, revenue and expenses of the International Information Centre in Luton UK were reflected as activity of International Teams Canada. Because International Teams Canada did not have legal title to the net assets, the assets of the International Information Centre were restricted with the excess over the associated liabilities reflected as deferred contributions. On January 1, 2001, the net assets of the Centre were transferred to International Teams International.

The following reflects the continuity of the funds received and the amounts deferred to future periods:

	<u>2001</u>	<u>2000</u>
BALANCE , beginning of year	\$ 83,767	\$ 138,159
Amount recognized as revenue in the year	-	(54,392)
Amount transferred in the year	<u>(83,767)</u>	
BALANCE , end of year	<u>\$ -</u>	<u>\$ 83,767</u>

7. LONG TERM DEBT

	<u>2001</u>	<u>2000</u>
Mortgage repayable to International Teams USA when the building is sold plus interest at 7.5%, due in 2006.	\$ -	\$ 90,187
Less portion due within one year	<u>-</u>	<u>11,444</u>
	<u>\$ -</u>	<u>\$ 78,743</u>

**EVANGELICAL INTERNATIONAL CRUSADES CANADA, INC.
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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2001

8. ENDOWMENT FUND

Of the net assets restricted for endowment purposes, \$35,000 (2000 - \$25,000) 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. The net assets restricted for endowment purposes include \$17,788 (2000 - \$20,052) of unspent investment income that is temporarily restricted for training purposes. During the year, \$2,264 (2000 - \$2,340) was transferred to offset training costs in excess of the investment income earned on the endowment funds.

9. CONTRACTUAL OBLIGATIONS

The corporation is obligated under a leasing agreement for the premises from which it operates. The lease expires in 2006 and the annual commitments under this contract are as follows:

2002	\$	5,636
2003		5,636
2004		5,636
2005		5,636
2006		<u>2,818</u>
		<u>\$ 25,362</u>

10. INTERNATIONAL OPERATIONS

The international operations of ITC are carried on by employees of ITC and through a Joint Ministry Agreement with the affiliated organizations operating world wide as International Teams.

During the year, ITC contributed \$85,226 and \$8,845 (2000 - \$102,209, \$12,580) 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, ITC contributed \$90,162 towards the costs of world wide leadership and training.

11. MISSION EXPANSION PROJECT

The mission expansion project is a multi year capital project that commenced in November 2000 for the expansion of the national office, commencement of new ministry programs and the creation of a communications infrastructure to serve the worldwide organization.

During the year, contributions of \$35,134 (2000 - \$57,600) were received towards this project and \$33,624 (2000 - \$0) was spent. The contributions are reflected in the "Teams and Projects" on the statement of operations.