

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

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2002

**McClurkin Ahier & Company LLP
CHARTERED ACCOUNTANTS**

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

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2002

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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, 2002, 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, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

McClurkin Ahier & Company LLP

Waterloo, Ontario
LLP
February 28, 2003

McClurkin Ahier & Company
CHARTERED ACCOUNTANTS

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

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2002

	<u>2002</u>	<u>2001</u>
ASSETS		
CURRENT		
Cash	\$ 144,637	\$ 371,561
Temporary investments (Note 3)	84,763	113,749
Accounts receivable	99,179	17,645
Prepaid expenses	45,206	24,446
Due from affiliated organizations	<u>42,163</u>	<u>66,936</u>
	<u>415,948</u>	<u>594,337</u>
CAPITAL ASSETS , at cost (Notes 2 & 4)	<u>182,787</u>	<u>77,733</u>
	<u>\$ 598,735</u>	<u>\$ 672,070</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 61,539	\$ 82,100
Due to affiliated organizations	8,993	43,695
Deferred contributions related to capital assets (Note 6)	<u>81,615</u>	<u>-</u>
	<u>152,147</u>	<u>125,795</u>
NET ASSETS		
ENDOWMENT FUND (Note 7)	46,390	52,788
INVESTMENT IN CAPITAL ASSETS	101,172	77,733
UNRESTRICTED	<u>299,026</u>	<u>415,754</u>
	<u>446,588</u>	<u>546,275</u>
	<u>\$ 598,735</u>	<u>\$ 672,070</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, 2002

	2002			2001	
	Restricted for Endowment Purposes	Invested in Capital Assets	Unrestricted	Total	Total
NET ASSETS, beginning of year	\$ 52,788	\$ 77,733	\$ 415,754	\$ 546,275	\$ 601,099
Excess (deficiency) of revenue over expenses for year	-	(39,613)	(60,074)	(99,687)	(64,824)
Investment in capital assets	-	63,052	(63,052)	-	-
Endowment contribution	-	-	-	-	10,000
Transfers	<u>(6,398)</u>	<u>-</u>	<u>6,398</u>	<u>-</u>	<u>-</u>
NET ASSETS, end of year	<u>\$ 46,390</u>	<u>\$ 101,172</u>	<u>\$ 299,026</u>	<u>\$ 446,588</u>	<u>\$ 546,275</u>

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

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2002

	<u>2002</u>			<u>2001</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	\$ 254,823	\$ 1,927,647	\$ 2,182,470	\$ 255,054	\$ 1,806,121	\$ 2,061,175
Investment income	6,268	409	6,677	10,265	2,835	13,100
Gain on foreign exchange	10,521	-	10,521	(442)	-	(442)
Other	53,679	30,854	84,533	55,876	36,290	92,166
	<u>325,291</u>	<u>1,958,910</u>	<u>2,284,201</u>	<u>320,753</u>	<u>1,845,246</u>	<u>2,165,999</u>
EXPENSES						
Advertising and promotion	580	3,042	3,622	5,121	4,150	9,271
Amortization	33,961	14,720	48,681	29,805	10,872	40,677
Contract labour	21,891	68,232	90,123	10,328	74,990	85,318
Food and accommodations	18,339	243,548	261,887	34,875	257,322	292,197
Facility	21,229	601	21,830	9,795	4,231	14,026
Other operating costs	16,055	108,638	124,693	12,030	62,024	74,054
Office expenses	75,155	64,847	140,002	73,878	49,590	123,468
Professional fees	8,009	668	8,677	8,536	-	8,536
Salaries and benefits	310,911	1,073,812	1,384,723	371,524	925,081	1,296,605
Travel	34,306	265,344	299,650	32,049	254,622	286,671
Leadership, administration and people development recoveries	(187,157)	187,157	-	(167,904)	167,904	-
Contribution and fees	(3,671)	3,671	-	(41,385)	41,385	-
	<u>349,608</u>	<u>2,034,280</u>	<u>2,383,888</u>	<u>378,652</u>	<u>1,852,171</u>	<u>2,230,823</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR YEAR	<u>\$ (24,317)</u>	<u>\$ (75,370)</u>	<u>\$ (99,687)</u>	<u>\$ (57,899)</u>	<u>\$ (6,925)</u>	<u>\$ (64,824)</u>

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

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2002

	<u>2002</u>	<u>2001</u>
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses for year	\$ (99,687)	\$ (64,824)
Adjustments for:		
Amortization	48,681	40,677
Deferred revenue	<u>(9,063)</u>	<u>-</u>
	<u>(60,069)</u>	<u>(24,147)</u>
Changes in non-cash working capital:		
Increase in accounts receivable	(81,534)	7,120
Increase in prepaids	(20,760)	6,834
Decrease in due from affiliated organizations	24,773	4,040
Decrease in accounts payable	(20,566)	34,924
Decrease in due to affiliates	<u>(34,702)</u>	<u>11,246</u>
	<u>(132,789)</u>	<u>64,164</u>
	<u>(192,858)</u>	<u>40,017</u>
FINANCING ACTIVITIES		
Endowment contribution	<u>-</u>	<u>10,000</u>
INVESTING ACTIVITIES		
Purchase of capital assets	<u>(63,052)</u>	<u>(33,964)</u>
NET CHANGE IN CASH FOR THE YEAR	(255,910)	16,053
CASH BALANCE , beginning of year	<u>485,310</u>	<u>469,257</u>
CASH BALANCE , end of year	<u>\$ 229,400</u>	<u>\$ 485,310</u>
CASH BALANCE , is represented by:		
Cash	\$ 144,637	\$ 371,561
Short term investments	<u>84,763</u>	<u>113,749</u>
	<u>\$ 229,400</u>	<u>\$ 485,310</u>

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

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2002

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.

Temporary Investments

Temporary 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.
o/a INTERNATIONAL TEAMS OF CANADA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2002

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. TEMPORARY INVESTMENTS

The temporary investments consist of corporate securities.

Market Value

	<u>2002</u>	<u>2001</u>
Corporate bonds	\$ -	\$ 48,515
Mutual funds	52,171	32,457
Balanced fund, Restricted for Endowment	<u>32,931</u>	<u>35,000</u>
	<u>\$ 85,102</u>	<u>\$ 115,972</u>

4. CAPITAL ASSETS, at cost

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2002</u>	<u>Net 2001</u>
Office furniture	\$ 44,355	\$ 11,874	\$ 32,481	\$ 20,194
Computer equipment	164,803	123,435	41,368	48,174
Software	10,521	10,186	335	2,462
Leasehold improvements	<u>155,199</u>	<u>46,596</u>	<u>108,603</u>	<u>6,903</u>
	<u>\$ 374,878</u>	<u>\$ 192,091</u>	<u>\$ 182,787</u>	<u>\$ 77,733</u>

EVANGELICAL INTERNATIONAL CRUSADES CANADA, INC.
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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2002

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, 2002, cash and due to and from affiliated organizations of \$13,334, \$37,580 and \$8,993 respectively (2001 - \$15,989, \$42,590, \$16,240) are denominated in US dollars.

6. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represent restricted contributions with respect to the 2002 office expansion of ITC. Prior to 2001, the net assets of the Information Centre in Luton UK were reflected as activity of ITC. Because ITC 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 the joint ministry partnership operating as International Teams International. The changes in the deferred contributions balance for the year are as follows:

	<u>2002</u>		<u>2001</u>
BALANCE , beginning of year	\$	-	\$ 83,767
Add amounts received during the year		90,683	-
Amount recognized as revenue in the year		(9,068)	-
Amount transferred in the year		-	(83,767)
		<hr/>	<hr/>
BALANCE , end of year	\$	81,615	\$ -

7. ENDOWMENT FUND

Of the net assets restricted for endowment purposes, \$35,000 (2001 - \$35,000) 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 \$11,390 (2001 - \$17,788) of unspent investment income that is temporarily restricted for training purposes. During the year, \$6,398 (2001 - \$2,264) was transferred to offset training costs in excess of the investment income earned on the endowment funds.

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

YEAR ENDED DECEMBER 31, 2002

8. CONTRACTUAL OBLIGATIONS

The Organization is obligated under a leasing agreement for the premises from which it operates. The lease expires in 2022 and the annual commitments under this contract are as follows:

2003	\$	18,496
2004		18,496
2005		18,496
2006		<u>18,496</u>
		<u>\$ 73,984</u>

9. 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 \$79,856 and \$25,961 (2001 - \$85,226, \$8,845) 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 \$72,283 (2001 - \$90,162) towards the costs of world wide leadership and training.

10. 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 \$90,683 (2001 - \$35,134) were received towards this project and \$152,999 (2001 - \$33,624) was spent. Of the total expenditures, \$140,189 was accounted for as a capital asset acquisition. The contributions were deferred and amortized as outlined in Note 6. The activity is reflected in "General" on the statement of operations.