

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

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2003

**McClurkin Ahier & Company LLP
CHARTERED ACCOUNTANTS**

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

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2003

INDEX

	<u>Page</u>
AUDITORS' REPORT	1
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF CHANGES IN NET ASSETS	3
STATEMENT OF OPERATIONS	4
STATEMENT OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6 - 10

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, 2003, and the statements of operations, changes in net assets 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.

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 our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Waterloo, Ontario
February 13, 2004

McClurkin Ahier & Company LLP
CHARTERED ACCOUNTANTS

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

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2003

	<u>2003</u>	<u>2002</u>
ASSETS		
CURRENT		
Cash	\$ 261,281	\$ 144,637
Temporary investments (Note 3)	86,104	84,763
Accounts receivable	29,609	99,179
Prepaid expenses	9,362	45,206
Due from affiliated organizations	<u>28,735</u>	<u>42,163</u>
	<u>415,091</u>	<u>415,948</u>
CAPITAL ASSETS (Notes 2 & 4)	<u>164,159</u>	<u>182,787</u>
	<u>\$ 579,250</u>	<u>\$ 598,735</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 47,645	\$ 61,539
Due to affiliated organizations	5,993	8,993
Deferred contributions related to capital assets (Note 6)	<u>78,080</u>	<u>81,615</u>
	<u>131,718</u>	<u>152,147</u>
NET ASSETS		
ENDOWMENT FUND (Note 7)	35,000	46,390
INVESTMENT IN CAPITAL ASSETS	86,077	101,165
INTERNALLY RESTRICTED	314,180	318,894
UNRESTRICTED	<u>12,275</u>	<u>(19,861)</u>
	<u>447,532</u>	<u>446,588</u>
	<u>\$ 579,250</u>	<u>\$ 598,735</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, 2003

					<u>2003</u>	<u>2002</u>
	<u>Restricted for Endowment Purposes</u>	<u>Invested in Capital Assets</u>	<u>Internally Restricted</u>	<u>Unrestricted</u>	<u>Total</u>	<u>Total</u>
NET ASSETS,						
beginning of year	\$ 46,390	\$ 101,165	\$ 318,894	\$ (19,861)	\$ 446,588	\$ 546,275
Excess (deficiency) of revenue over expenses for year	-	-	(15,344)	16,288	944	(99,686)
Amortization	-	(67,591)	15,479	52,112	-	-
Investment in capital assets	-	52,503	(16,239)	(36,264)	-	-
Transfers	(11,390)	-	11,390	-	-	-
NET ASSETS, end of year	<u>\$ 35,000</u>	<u>\$ 86,077</u>	<u>\$ 314,180</u>	<u>\$ 12,275</u>	<u>\$ 447,532</u>	<u>\$ 446,589</u>

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

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2003

	<u>General Fund</u>		<u>Internally Restricted Fund</u>		<u>Total</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
REVENUE						
Donations	\$ 273,563	\$ 254,823	\$ 1,830,496	\$ 1,774,153	\$ 2,104,059	\$ 2,028,976
Investment income	3,123	6,268	668	409	3,791	6,677
Gain on foreign exchange	(7,401)	10,521	-	-	(7,401)	10,521
Other	90,493	53,679	59,403	184,348	149,896	238,027
	<u>359,778</u>	<u>325,291</u>	<u>1,890,567</u>	<u>1,958,910</u>	<u>2,250,345</u>	<u>2,284,201</u>
EXPENSES						
Advertising and promotion	1,031	580	5,242	3,042	6,273	3,622
Amortization	52,112	33,961	15,479	14,720	67,591	48,681
Contract labour	34,202	21,891	62,028	68,232	96,230	90,123
Food and accommodations	18,120	18,339	165,396	243,548	183,516	261,887
Facility	32,847	21,229	188	601	33,035	21,830
Other operating costs	(5,969)	16,055	71,369	108,638	65,400	124,693
Office expenses	61,017	75,155	90,471	64,847	151,488	140,002
Professional fees	11,829	8,009	(12)	668	11,817	8,677
Salaries and benefits	367,231	310,767	975,593	1,073,812	1,342,824	1,384,579
Travel	21,808	34,449	269,419	265,344	291,227	299,793
Leadership, administration and people development recoveries	(267,352)	(187,157)	267,352	187,157	-	-
Contribution and fees	16,614	(3,671)	(16,614)	3,671	-	-
	<u>343,490</u>	<u>349,607</u>	<u>1,905,911</u>	<u>2,034,280</u>	<u>2,249,401</u>	<u>2,383,887</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR YEAR	<u>\$ 16,288</u>	<u>\$ (24,316)</u>	<u>\$ (15,344)</u>	<u>\$ (75,370)</u>	<u>\$ 944</u>	<u>\$ (99,686)</u>

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

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2003

	<u>2003</u>	<u>2002</u>
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses for year	\$ 944	\$ (99,686)
Adjustments for:		
Amortization	67,591	48,681
Deferred revenue	<u>(28,321)</u>	<u>(9,063)</u>
	<u>40,214</u>	<u>(60,068)</u>
Changes in non-cash working capital:		
Decrease in accounts receivable	69,570	(81,534)
Decrease in prepaids	35,844	(20,760)
Decrease in due from affiliated organizations	13,428	24,773
Decrease in accounts payable	(13,895)	(20,567)
Decrease in due to affiliates	<u>(3,000)</u>	<u>(34,702)</u>
	<u>101,947</u>	<u>(132,790)</u>
	<u>142,161</u>	<u>(192,858)</u>
INVESTING ACTIVITIES		
Purchase of capital assets	<u>(24,176)</u>	<u>(63,052)</u>
NET CHANGE IN CASH FOR THE YEAR	117,985	(255,910)
CASH BALANCE, beginning of year	<u>229,400</u>	485,310
CASH BALANCE, end of year	<u>\$ 347,385</u>	<u>\$ 229,400</u>
CASH BALANCE, is represented by:		
Cash	\$ 261,281	\$ 144,637
Temporary investments	<u>86,104</u>	<u>84,763</u>
	<u>\$ 347,385</u>	<u>\$ 229,400</u>

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

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2003

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. 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.

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, 2003

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.

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.

3. TEMPORARY INVESTMENTS

The temporary investments consist of corporate securities.

Market Value

	<u>2003</u>	<u>2002</u>
Mutual funds	58,382	52,171
Balanced fund, Restricted for Endowment	<u>32,682</u>	<u>32,931</u>
	<u>\$ 91,064</u>	<u>\$ 85,102</u>

EVANGELICAL INTERNATIONAL CRUSADES CANADA, INC.
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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2003

4. CAPITAL ASSETS, at cost

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2003</u>	<u>Net 2002</u>
Office furniture	\$ 52,935	\$ 21,532	\$ 31,403	\$ 32,481
Computer equipment	180,401	146,385	34,016	41,368
Software	29,786	20,153	9,633	335
Leasehold improvements	<u>160,720</u>	<u>71,613</u>	<u>89,107</u>	<u>108,603</u>
	<u>\$ 423,842</u>	<u>\$ 259,683</u>	<u>\$ 164,159</u>	<u>\$ 182,787</u>

5. JOINT MINISTRIES AGREEMENT

The corporation is linked to the following organizations through an international board called International Teams International pursuant to a Joint Ministries Agreement:

- International Teams (United States of America)
- International Teams Ministries Australia, Inc.
- International Teams Philippines
- International Teams (United Kingdom)

Advances during the year amounted to \$204,983 (2002 - \$116,115) and were used to fund international ministries organized by the board and to help underwrite its operating costs.

6. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represent restricted contributions with respect to the office expansion. The changes in the deferred contributions balance for the year are as follows:

	<u>2003</u>	<u>2002</u>
BALANCE , beginning of year	\$ 81,615	\$ -
Add amounts received during the year	24,786	90,683
Amount recognized as revenue in the year	<u>(28,321)</u>	<u>(9,068)</u>
BALANCE , end of year	<u>\$ 78,080</u>	<u>\$ 81,615</u>

7. ENDOWMENT FUND

Of the net assets restricted for endowment purposes, \$35,000 (2002 - \$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 opening balance of net assets restricted for endowment purposes also included \$11,390 of unspent investment income that is temporarily restricted for training purposes. During the year, ITC transferred the temporarily restricted funds of \$11,390 to the internally restricted fund to conform to the presentation adopted for the current year.

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

YEAR ENDED DECEMBER 31, 2003

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:

2004	\$	18,496
2005		18,496
2006		18,496
2007		18,496
2008		18,496

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 \$55,443 and \$25,961 (2002 - \$79,856, \$25,961) 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 \$69,529 (2002 - \$72,283) 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 \$63,509 (2002 - \$90,683) were received towards this project and \$28,816 (2002 - \$152,999) was spent. Of the total expenditures, \$24,786 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.

11. COMPARATIVE FIGURES

Certain of the comparative figures have been restated to conform with the current year's presentation.

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

YEAR ENDED DECEMBER 31, 2003

12. FINANCIAL INSTRUMENTS

Fair Value

The fair values of cash, temporary investments, 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, 2003, cash and due to and from affiliated organizations of \$13,334, \$37,580 and \$8,993 respectively (2002 - \$13,334, \$37,580, \$8,993) are denominated in US dollars.