

EVANGELICAL INTERNATIONAL
CRUSADES CANADA, INC.
O/A INTERNATIONAL TEAMS OF
CANADA>

financial statements

>YEAR ENDED DECEMBER 31, 2004

McClurkin Ahier & Company LLP
CHARTERED ACCOUNTANTS

EVANGELICAL INTERNATIONAL CRUSADES CANADA, INC.
O/A INTERNATIONAL TEAMS OF CANADA>

financial statements

>YEAR ENDED DECEMBER 31, 2004

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AUDITORS' 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, 2004, 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, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

McClellan, Ahern & Company LLP.

Waterloo, Ontario
February 9, 2005

CHARTERED ACCOUNTANTS

EVANGELICAL INTERNATIONAL CRUSADES CANADA, INC.
O/A INTERNATIONAL TEAMS OF CANADA>

statement of financial position

>DECEMBER 31, 2004

	2004	2003
assets		
Current		
Cash	\$ 366,300	\$ 261,281
Temporary investments (Note 3)	91,035	86,104
Accounts receivable	38,946	29,609
Prepaid expenses	40,936	9,362
Due from affiliated organizations	<u>27,146</u>	<u>28,735</u>
	564,363	415,091
Capital Assets (Notes 2 & 4)	<u>113,269</u>	<u>164,159</u>
	<u>\$ 677,632</u>	<u>\$ 579,250</u>
liabilities		
Current		
Accounts payable and accrued liabilities	\$ 63,585	\$ 47,645
Due to affiliated organizations	13,581	5,993
Deferred contributions related to capital assets (Note 6)	<u>49,207</u>	<u>78,080</u>
	<u>126,373</u>	<u>131,718</u>
net assets		
Endowment Fund (Note 7)	35,000	35,000
Investment in Capital Assets	64,060	86,077
Internally Restricted	384,669	314,180
Unrestricted	<u>67,530</u>	<u>12,275</u>
	<u>551,259</u>	<u>447,532</u>
	<u>\$ 677,632</u>	<u>\$ 579,250</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, 2004

	restricted for endowment purposes	invested in capital assets	internally restricted	unrestricted	2004 total	2003 total
net assets,						
beginning of year	\$ 35,000	\$ 86,077	\$ 314,180	\$ 12,275	\$ 447,532	\$ 446,588
Excess (deficiency) of revenue over expenses for year	-	-	61,935	41,792	103,727	944
Amortization	-	(63,268)	15,435	47,833	-	-
Investment in capital assets	-	41,251	(6,881)	(34,370)	-	-
net assets, end of year	<u>\$ 35,000</u>	<u>\$ 64,060</u>	<u>\$ 384,669</u>	<u>\$ 67,530</u>	<u>\$ 551,259</u>	<u>\$ 447,532</u>

EVANGELICAL INTERNATIONAL CRUSADES CANADA, INC.
O/A INTERNATIONAL TEAMS OF CANADA>

statement of operations

>YEAR ENDED DECEMBER 31, 2004

	general fund		internally restricted fund		total	
	2004	2003	2004	2003	2004	2003
revenue						
Donations	\$ 228,715	\$ 273,563	\$ 1,827,176	\$ 1,830,496	\$ 2,055,891	\$ 2,104,059
Investment income	6,231	3,123	2,661	668	8,892	3,791
Gain on foreign exchange	(598)	(7,401)	-	-	(598)	(7,401)
Other	<u>162,071</u>	<u>90,493</u>	<u>83,132</u>	<u>59,403</u>	<u>245,203</u>	<u>149,896</u>
	<u>396,419</u>	<u>359,778</u>	<u>1,912,969</u>	<u>1,890,567</u>	<u>2,309,388</u>	<u>2,250,345</u>
expenses						
Advertising and promotion	1,527	1,031	2,615	5,242	4,142	6,273
Amortization	47,833	52,112	15,435	15,479	63,268	67,591
Contract labour	65,977	34,202	61,976	62,028	127,953	96,230
Food and accommodations	29,549	18,120	197,285	165,396	226,834	183,516
Facility	28,912	32,847	1,355	188	30,267	33,035
Other operating costs	8,018	(5,969)	86,999	71,369	95,017	65,400
Office expenses	80,974	61,017	55,172	90,471	136,146	151,488
Professional fees	10,361	11,829	-	(12)	10,361	11,817
Salaries and benefits	336,718	367,231	899,621	975,593	1,236,339	1,342,824
Travel	31,793	21,808	243,541	269,419	275,334	291,227
Leadership, administration and people development recoveries	(287,284)	(267,352)	287,284	267,352	-	-
Contribution and fees	<u>249</u>	<u>16,614</u>	<u>(249)</u>	<u>(16,614)</u>	<u>-</u>	<u>-</u>
	<u>354,627</u>	<u>343,490</u>	<u>1,851,034</u>	<u>1,905,911</u>	<u>2,205,661</u>	<u>2,249,401</u>
excess (deficiency) of revenue over expenses for year	\$ <u>41,792</u>	\$ <u>16,288</u>	\$ <u>61,935</u>	\$ <u>(15,344)</u>	\$ <u>103,727</u>	\$ <u>944</u>

EVANGELICAL INTERNATIONAL CRUSADES CANADA, INC.
O/A INTERNATIONAL TEAMS OF CANADA>

statement of cash flows

>YEAR ENDED DECEMBER 31, 2004

	2004	2003
operating activities		
Excess (deficiency) of revenue over expenses for year	\$ 103,727	\$ 944
Adjustments for:		
Amortization	63,268	67,591
Deferred revenue	<u>(28,873)</u>	<u>(28,321)</u>
	138,122	40,214
Changes in non-cash working capital:		
Increase in accounts receivable	(9,337)	69,570
Increase in prepaids	(31,574)	35,844
Decrease in due from affiliated organizations	1,589	13,428
Increase in accounts payable	15,940	(13,895)
Increase in due to affiliated organization	<u>7,588</u>	<u>(3,000)</u>
	122,328	142,161
investing activities		
Purchase of capital assets	<u>(12,378)</u>	<u>(24,176)</u>
Net change in cash for the year	109,950	117,985
Cash balance, beginning of year	<u>347,385</u>	<u>229,400</u>
cash balance, end of year	<u>\$ 457,335</u>	<u>\$ 347,385</u>
Cash balance, is represented by:		
Cash	\$ 366,300	\$ 261,281
Temporary investments	<u>91,035</u>	<u>86,104</u>
	<u>\$ 457,335</u>	<u>\$ 347,385</u>

EVANGELICAL INTERNATIONAL CRUSADES CANADA, INC.
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notes to financial statements

>DECEMBER 31, 2004

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.
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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
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. During the year ITC received contributed materials of \$2,750 (2003 - nil) that were recognized as donation revenue during the year.

3. temporary investments

The temporary investments consist of corporate securities.

Market Value	2004	2003
Mutual funds	\$ 65,760	\$ 58,382
Balanced fund, restricted for endowment	<u>35,000</u>	<u>32,682</u>
	<u>\$ 100,760</u>	<u>\$ 91,064</u>

4. capital assets

	Cost	Accumulated Amortization	Net 2004	Net 2003
Office furniture	\$ 52,935	\$ 31,727	\$ 21,208	\$ 31,403
Computer equipment	192,779	164,257	28,522	34,016
Software	29,786	29,786	-	9,633
Leasehold improvements	<u>160,720</u>	<u>97,181</u>	<u>63,539</u>	<u>89,107</u>
	<u>\$ 436,220</u>	<u>\$ 322,951</u>	<u>\$ 113,269</u>	<u>\$ 164,159</u>

EVANGELICAL INTERNATIONAL CRUSADES CANADA, INC.
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>DECEMBER 31, 2004

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 \$0 (2003 - \$204,983) 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:

	2004	2003
Balance, beginning of year	\$ 78,080	\$ 81,615
Add amounts received during the year	-	24,786
Amount recognized as revenue in the year	<u>(28,873)</u>	<u>(28,321)</u>
Balance, end of year	<u>\$ 49,207</u>	<u>\$ 78,080</u>

7. endowment fund

Of the net assets restricted for endowment purposes, \$35,000 (2003 - \$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.

8. contractual obligations

ITC 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:

2005	\$ 18,587
2006	18,587
2007	18,587
2008	18,587
2009	18,587
thereafter	<u>232,330</u>
	<u>\$ 325,265</u>

EVANGELICAL INTERNATIONAL CRUSADES CANADA, INC.
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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 \$69,146 and \$43,212 (2003 - \$55,443, \$18,512) 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 \$45,572 (2003 - \$69,529) 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 \$0 (2003 - \$63,509) were received towards this project and \$0 (2003 - \$28,816) was spent. The contributions were deferred and amortized as outlined in Note 6. The activity is reflected in "General" on the statement of operations.

11. financial instruments

Fair Value - The fair values of cash, temporary investments, accounts receivable, due from affiliated organization 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, 2004, cash and due from and to affiliated organizations of (\$4,772), \$27,145 and \$7,420 respectively (2003 - \$13,334, \$37,580, \$5,325) are denominated in US dollars.