

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

financial statements

>YEAR ENDED DECEMBER 31, 2005

McClurkin Ahier & Company LLP
CHARTERED ACCOUNTANTS

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

financial statements

>YEAR ENDED DECEMBER 31, 2005

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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, 2005, 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, 2005 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
February 10, 2006

CHARTERED ACCOUNTANTS

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

statement of financial position

>DECEMBER 31, 2005

	2005	2004
assets		
current		
Cash	\$ 543,780	\$ 366,300
Temporary investments (Note 3)	94,938	91,035
Accounts receivable	28,612	38,946
Prepaid expenses	25,519	40,936
Due from affiliated organizations	<u>24,841</u>	<u>27,146</u>
	717,690	564,363
capital assets (Note 4)	<u>85,507</u>	<u>113,269</u>
	<u>\$ 803,197</u>	<u>\$ 677,632</u>
liabilities		
current		
Accounts payable and accrued liabilities	\$ 29,988	\$ 63,585
Due to affiliated organizations	15,323	13,581
Deferred contributions related to capital assets (Note 5)	<u>29,966</u>	<u>49,207</u>
	<u>75,277</u>	<u>126,373</u>
commitments (Note 7)		
net assets		
Endowment Fund (Note 6)	35,000	35,000
Investment in Capital Assets	55,558	64,060
Internally Restricted	544,581	384,669
Unrestricted	<u>92,781</u>	<u>67,530</u>
	<u>727,920</u>	<u>551,259</u>
	<u>\$ 803,197</u>	<u>\$ 677,632</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, 2005

	restricted for endowment purposes	invested in capital assets	internally restricted	unrestricted	2005 total	2004 total
net assets, beginning of year	\$ 35,000	\$ 64,060	\$ 384,669	\$ 67,530	\$ 551,259	\$ 447,532
Excess (deficiency) of revenue over expenses for year	-	-	133,367	43,294	176,661	103,727
Amortization	-	(54,284)	15,365	38,919	-	-
Investment in capital assets	-	45,782	(8,820)	(36,962)	-	-
Transfers	-	-	20,000	(20,000)	-	-
net assets, end of year	<u>\$ 35,000</u>	<u>\$ 55,558</u>	<u>\$ 544,581</u>	<u>\$ 92,781</u>	<u>\$ 727,920</u>	<u>\$ 551,259</u>

EVANGELICAL INTERNATIONAL CRUSADES CANADA, INC.
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statement of operations

>YEAR ENDED DECEMBER 31, 2005

	general fund		internally restricted fund		total	
	2005	2004	2005	2004	2005	2004
revenue						
Donations	\$ 359,959	\$ 228,715	\$ 2,034,511	\$ 1,827,176	\$ 2,394,470	\$ 2,055,891
Investment income	10,149	6,231	3,529	2,661	13,678	8,892
Gain on foreign exchange	3,038	(598)	-	-	3,038	(598)
Other	<u>39,356</u>	<u>162,071</u>	<u>115,581</u>	<u>83,132</u>	<u>154,937</u>	<u>245,203</u>
	<u>412,502</u>	<u>396,419</u>	<u>2,153,621</u>	<u>1,912,969</u>	<u>2,566,123</u>	<u>2,309,388</u>
expenses						
Advertising and promotion	16,199	1,527	2,148	2,615	18,347	4,142
Amortization	38,919	47,833	15,365	15,435	54,284	63,268
Contract labour	23,747	65,977	36,774	61,976	60,521	127,953
Food and accommodations	32,268	29,549	217,903	197,285	250,171	226,834
Facility	28,954	28,912	7,760	1,355	36,714	30,267
Other operating costs	18,252	8,018	112,070	86,999	130,322	95,017
Office expenses	78,123	80,974	60,814	55,172	138,937	136,146
Professional fees	9,185	10,361	255	-	9,440	10,361
Salaries and benefits	445,961	336,718	884,521	899,621	1,330,482	1,236,339
Travel	55,085	31,793	305,159	243,541	360,244	275,334
Leadership, administration and people development recoveries	(362,335)	(287,284)	362,335	287,284	-	-
Contribution and fees	<u>(15,150)</u>	<u>249</u>	<u>15,150</u>	<u>(249)</u>	<u>-</u>	<u>-</u>
	<u>369,208</u>	<u>354,627</u>	<u>2,020,254</u>	<u>1,851,034</u>	<u>2,389,462</u>	<u>2,205,661</u>
excess (deficiency) of revenue over expenses for year	<u>\$ 43,294</u>	<u>\$ 41,792</u>	<u>\$ 133,367</u>	<u>\$ 61,935</u>	<u>\$ 176,661</u>	<u>\$ 103,727</u>

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

statement of cash flows

>YEAR ENDED DECEMBER 31, 2005

	2005	2004
operating activities		
Excess (deficiency) of revenue over expenses for year	\$ 176,661	\$ 103,727
Adjustments for:		
Amortization	54,284	63,268
Deferred revenue	<u>(19,241)</u>	<u>(28,873)</u>
	211,704	138,122
Changes in non-cash working capital:		
Decrease in accounts receivable	10,334	(9,337)
Decrease in prepaids	15,417	(31,574)
Decrease in due from affiliated organizations	2,305	1,589
Decrease in accounts payable	(33,578)	15,940
Increase in due to affiliated organization	<u>1,742</u>	<u>7,588</u>
	207,924	122,328
investing activities		
Purchase of capital assets	<u>(26,541)</u>	<u>(12,378)</u>
Net change in cash for the year	181,383	109,950
Cash balance, beginning of year	<u>457,335</u>	<u>347,385</u>
cash balance, end of year	<u>\$ 638,718</u>	<u>\$ 457,335</u>
Cash balance, is represented by:		
Cash	\$ 543,780	\$ 366,300
Temporary investments	<u>94,938</u>	<u>91,035</u>
	<u>\$ 638,718</u>	<u>\$ 457,335</u>

EVANGELICAL INTERNATIONAL CRUSADES CANADA, INC.
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notes to financial statements

>DECEMBER 31, 2005

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.

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.

Deferred Contributions - Deferred contributions related to capital assets are amortized on the same basis as the leasehold improvements they relate to.

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

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reasonably determinable. Contributed materials are recognized as donations when fair values can be determined. During the year ITC received contributed materials of \$nil (2004 - \$2,750) that were recognized as donation revenue during the year.

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.

3. temporary investments

The temporary investments are carried at cost and consist of corporate securities.

Market Value	2005	2004
Mutual funds	\$ 67,974	\$ 65,760
Balanced fund, restricted for endowment	<u>37,155</u>	<u>35,000</u>
	<u>\$ 105,129</u>	<u>\$ 100,760</u>

4. capital assets

	Cost	Accumulated Amortization	Net 2005	Net 2004
Office furniture	\$ 61,085	\$ 41,964	\$ 19,121	\$ 21,208
Computer equipment	92,552	68,555	23,997	28,522
Software	38,621	34,203	4,418	-
Leasehold improvements	<u>160,720</u>	<u>122,749</u>	<u>37,971</u>	<u>63,539</u>
	<u>\$ 352,978</u>	<u>\$ 267,471</u>	<u>\$ 85,507</u>	<u>\$ 113,269</u>

5. deferred contributions related to capital assets

Deferred contributions related to capital assets represent restricted contributions with respect to the office expansion. Deferred contributions related to capital assets are de-recognized in income on the same basis as the related assets are amortized. The changes in the deferred contributions balance for the year are as follows:

	2005	2004
Balance, beginning of year	\$ 49,207	\$ 78,080
Amount recognized as revenue in the year	<u>(19,241)</u>	<u>(28,873)</u>
Balance, end of year	<u>\$ 29,966</u>	<u>\$ 49,207</u>

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6. endowment fund

Of the net assets restricted for endowment purposes, \$35,000 (2004 - \$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.

7. 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:

2006	\$	18,743
2007		18,743
2008		18,743
2009		18,743
2010		18,743
thereafter		<u>215,541</u>
	\$	<u>309,256</u>

8. 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 \$56,150 and \$43,401 (2004 - \$69,146, \$43,212) 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 \$38,662 (2004 - \$45,572) towards the costs of world wide leadership and training.

9. 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, 2005, cash and due from and to affiliated organizations of \$7,521, \$24,841 and \$10,888 respectively (2004 - \$(4,772), \$27,145, \$9,314) are denominated in US dollars.