

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

financial statements

>YEAR ENDED DECEMBER 31, 2006

McClurkin Ahier & Company LLP
CHARTERED ACCOUNTANTS

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

financial statements

>YEAR ENDED DECEMBER 31, 2006

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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. operating as International Teams of Canada as at December 31, 2006, 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, 2006 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
March 2, 2007

LICENSED PUBLIC ACCOUNTANTS

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

statement of financial position

>DECEMBER 31, 2006

	2006	2005
<i>assets</i>		
current		
Cash	\$ 467,186	\$ 543,780
Temporary investments (Note 3)	234,938	94,938
Accounts receivable	26,595	28,612
Prepaid expenses	92,330	25,519
Due from affiliated organizations	<u>21,190</u>	<u>24,841</u>
	842,239	717,690
capital assets (Note 4)	<u>54,205</u>	<u>85,507</u>
	<u>\$ 896,444</u>	<u>\$ 803,197</u>
<i>liabilities</i>		
current		
Accounts payable and accrued liabilities	\$ 90,772	\$ 29,990
Due to affiliated organizations	27,787	15,323
Deferred contributions related to capital assets (Note 5)	<u>10,725</u>	<u>29,966</u>
	<u>129,284</u>	<u>75,279</u>
commitments (Note 6)		
<i>net assets</i>		
Endowment fund (Note 7)	35,000	35,000
Investment in capital assets	43,480	55,541
Internally restricted	689,111	544,581
Unrestricted	<u>(431)</u>	<u>92,796</u>
	<u>767,160</u>	<u>727,918</u>
	<u>\$ 896,444</u>	<u>\$ 803,197</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, 2006

	restricted for endowment purposes	invested in capital assets	internally restricted	unrestricted	2006 total	2005 total
net assets, beginning of year	\$ 35,000	\$ 55,541	\$ 544,581	\$ 92,796	\$ 727,918	\$ 551,257
Excess (deficiency) of revenue over expenses for year	-	-	137,974	(98,732)	39,242	176,661
Amortization	-	(52,258)	12,361	39,897	-	-
Investment in capital assets	<u>-</u>	<u>40,197</u>	<u>(5,805)</u>	<u>(34,392)</u>	<u>-</u>	<u>-</u>
net assets, end of year	<u>\$ 35,000</u>	<u>\$ 43,480</u>	<u>\$ 689,111</u>	<u>\$ (431)</u>	<u>\$ 767,160</u>	<u>\$ 727,918</u>

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

statement of operations

>YEAR ENDED DECEMBER 31, 2006

	general fund		internally restricted fund		total	
	2006	2005	2006	2005	2006	2005
revenue						
Donations	\$ 341,650	\$ 359,959	\$ 2,495,053	\$ 2,034,511	\$ 2,836,703	\$ 2,394,470
Investment income	17,496	10,149	3,819	3,529	21,315	13,678
Gain on foreign exchange	5,121	3,038	-	-	5,121	3,038
Other	<u>25,018</u>	<u>39,356</u>	<u>152,415</u>	<u>115,581</u>	<u>177,433</u>	<u>154,937</u>
	<u>389,285</u>	<u>412,502</u>	<u>2,651,287</u>	<u>2,153,621</u>	<u>3,040,572</u>	<u>2,566,123</u>
expenses						
Advertising and promotion	11,271	16,199	1,722	2,148	12,993	18,347
Amortization	39,897	38,919	12,361	15,365	52,258	54,284
Contract labour	44,211	23,747	65,239	36,774	109,450	60,521
Food and accommodations	41,083	32,268	250,124	217,903	291,207	250,171
Facility	30,408	28,954	14,744	7,760	45,152	36,714
Other operating costs	25,158	18,252	183,225	112,070	208,383	130,322
Office expenses	118,134	78,123	89,162	60,814	207,296	138,937
Professional fees	11,128	9,185	-	255	11,128	9,440
Salaries and benefits	441,910	445,961	1,090,810	884,521	1,532,720	1,330,482
Travel	89,201	55,085	441,542	305,159	530,743	360,244
Leadership, administration and people development recoveries	(397,286)	(362,335)	397,286	362,335	-	-
Contribution and fees	<u>32,902</u>	<u>(15,150)</u>	<u>(32,902)</u>	<u>15,150</u>	<u>-</u>	<u>-</u>
	<u>488,017</u>	<u>369,208</u>	<u>2,513,313</u>	<u>2,020,254</u>	<u>3,001,330</u>	<u>2,389,462</u>
excess (deficiency) of revenue over expenses for year	\$ <u>(98,732)</u>	\$ <u>43,294</u>	\$ <u>137,974</u>	\$ <u>133,367</u>	\$ <u>39,242</u>	\$ <u>176,661</u>

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

statement of cash flows

>YEAR ENDED DECEMBER 31, 2006

	2006	2005
operating activities		
Excess (deficiency) of revenue over expenses for year	\$ 39,242	\$ 176,661
Adjustments for:		
Amortization	52,258	54,284
Deferred revenue	<u>(19,241)</u>	<u>(19,241)</u>
	72,259	211,704
Changes in non-cash working capital:		
Increase in temporary investments	(140,000)	(3,903)
Decrease in accounts receivable	2,017	10,334
Increase in prepaid expenses	(66,811)	15,417
Decrease in due from affiliated organizations	3,651	2,305
Increase in accounts payable and accrued liabilities	60,782	(33,578)
Increase in due to affiliated organizations	<u>12,464</u>	<u>1,742</u>
	(55,638)	204,021
investing activities		
Purchase of capital assets	<u>(20,956)</u>	<u>(26,541)</u>
Net change in cash for the year	(76,594)	177,480
Cash balance, beginning of year	<u>543,780</u>	<u>366,300</u>
cash balance, end of year	<u>\$ 467,186</u>	<u>\$ 543,780</u>

notes to financial statements

>DECEMBER 31, 2006

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.

Unrestricted contributions are recognized as revenue in the General Fund in the year 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.

EVANGELICAL INTERNATIONAL CRUSADES CANADA, INC.
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notes to financial statements

>DECEMBER 31, 2006

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.

Estimates are used when accounting for certain items such as revenues, allowance for doubtful accounts, useful lives of capital assets, asset impairments and evaluation of minimum lease terms for operating leases.

3. temporary investments

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

Market Value	2006	2005
Mutual funds	\$ 71,755	\$ 67,974
Balanced fund, restricted for endowment	36,898	37,155
Guaranteed investment certificates, with interest from 4.05% to 4.20%, maturing from between January 24, 2007 and April 26, 2007	<u>140,794</u>	<u>-</u>
	<u>\$ 249,447</u>	<u>\$ 105,129</u>

4. capital assets

	cost	accumulated amortization	net 2006	net 2005
Office furniture	\$ 73,409	\$ 52,133	\$ 21,276	\$ 19,121
Computer equipment	101,185	81,402	19,783	23,997
Software	38,621	38,621	-	4,418
Leasehold improvements	<u>160,720</u>	<u>147,574</u>	<u>13,146</u>	<u>37,971</u>
	<u>\$ 373,935</u>	<u>\$ 319,730</u>	<u>\$ 54,205</u>	<u>\$ 85,507</u>

EVANGELICAL INTERNATIONAL CRUSADES CANADA, INC.
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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 recognized as revenue on the same basis as the related assets are amortized. The changes in the deferred contributions balance for the year are as follows:

	2006	2005
Balance, beginning of year	\$ 29,966	\$ 49,207
Amount recognized as revenue in the year	<u>(19,241)</u>	<u>(19,241)</u>
Balance, end of year	<u>\$ 10,725</u>	<u>\$ 29,966</u>

6. commitments

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:

2007	\$ 19,513
2008	19,513
2009	19,513
2010	19,513
2011	19,513
thereafter	<u>204,880</u>
	<u>\$ 302,445</u>

7. endowment fund

Of the net assets restricted for endowment purposes, \$35,000 (2005 - \$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. international operations

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

During the year, ITC contributed \$109,281 and \$55,987 (2005 - \$56,150, \$43,401) 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 \$61,167 (2005 - \$38,662) towards the costs of world wide leadership and training.

notes to financial statements

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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.

Interest rate risk - The Organization manages its portfolio of investments based on its cash flow needs and with a view of optimizing its interest income.

The effective interest rate on temporary investments during the year varied from 4.05% to 4.20%. The average interest rate at the end of the year was 4.125% with investments maturing from between 24 days to 4 months.

Currency Risk - Some assets, liabilities, revenues and expenses are exposed to foreign exchange fluctuations. As at December 31, 2006, cash and due from and to affiliated organizations of \$80,584, \$21,190 and \$8,948 respectively (2005 - \$6,360, \$24,841, \$10,888) are denominated in US dollars.