



Financial Statements

Partners International Canada - Christian
Nationals Evangelism Mission

June 30, 2022

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Independent Auditor's Report

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To the Members of
Partners International Canada – Christian Nationals Evangelism Mission

Opinion

We have audited the financial statements of Partners International Canada – Christian Nationals Evangelism Mission (“Partners International Canada”), which comprise the statement of financial position as at June 30, 2022, and the statements of revenue, expenses and changes in fund balances and cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Partners International Canada as at June 30, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Partners International Canada in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Partners International Canada's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate Partners International Canada or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Partners International Canada's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Partners International Canada's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Partners International Canada's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Partners International Canada to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

Mississauga, Canada
November 18, 2022

Chartered Professional Accountants
Licensed Public Accountants

Partners International Canada – Christian Nationals Evangelism Mission Statement of Financial Position

As at June 30 2022 2021

Assets

Current

| | | |
|-------------------------|---------------|---------------|
| Cash | \$ 1,137,043 | \$ 1,351,216 |
| Sundry receivables | 1,293 | 3,727 |
| Sales taxes recoverable | 43,417 | 22,016 |
| Prepaid expenses | <u>21,472</u> | <u>17,967</u> |

1,203,225 1,394,926

Property and equipment (Note 3) 263,278 57,366

Intangible assets (Note 3) 411,142 503,199

\$ 1,877,645 **\$ 1,955,491**

Liabilities

Current

| | | |
|--|---------------|------------|
| Accounts payable and accrued liabilities | \$ 123,459 | \$ 120,336 |
| Deferred contributions (Note 4) | <u>21,250</u> | <u>-</u> |

144,709 120,336

Deferred contributions – intangible assets (Note 4) 198,000 264,000

CEBA loan payable (Note 5) - 40,000

342,709 424,336

Fund balances

Operating Fund

| | | |
|--|----------------|----------------|
| Invested in property and equipment and intangible assets | 476,420 | 296,565 |
| Unrestricted | <u>361,612</u> | <u>472,169</u> |

838,032 768,734

Designated Funds - Externally restricted 696,904 762,421

1,534,936 1,531,155

\$ 1,877,645 **\$ 1,955,491**

On behalf of the Board of Directors

_____ Director

_____ Director

See accompanying notes to the financial statements.

**Partners International Canada – Christian Nationals
Evangelism Mission
Statement of Revenue, Expenses and Changes in Fund
Balances**

| Year ended June 30 | Operating Fund | Designated Funds | Total 2022 | Total 2021 |
|---|-------------------|---------------------|---------------|---------------|
| Revenue | | | | |
| Contributions | | | | |
| Field projects | \$ - | \$ 2,598,651 | \$ 2,598,651 | \$ 2,379,684 |
| General and administrative | 1,207,228 | - | 1,207,228 | 1,134,225 |
| International operations | - | 469,611 | 469,611 | 403,127 |
| Canadian based affiliates | - | 325,862 | 325,862 | 33,944 |
| Public engagement and education | - | 9,900 | 9,900 | - |
| Rental and sundry | 28,721 | - | 28,721 | 25,238 |
| Investment income | 1,132 | - | 1,132 | 885 |
| Canada Emergency Wage Subsidy (“CEWS”) | - | - | - | 33,733 |
| Government assistance (Note 5) | - | - | - | 20,000 |
| | 1,237,081 | 3,404,024 | 4,641,105 | 4,030,836 |
| Expenses | | | | |
| Program services | | | | |
| Field projects | - | 2,685,543 | 2,685,543 | 2,236,980 |
| International operations | - | 455,490 | 455,490 | 382,374 |
| Canadian based affiliates | - | 316,320 | 316,320 | 169,230 |
| Public engagement and education | - | 12,188 | 12,188 | - |
| Support services | | | | |
| Development and marketing | 533,134 | - | 533,134 | 480,517 |
| General and administrative | 395,084 | - | 395,084 | 342,499 |
| Facilities and equipment | 81,369 | - | 81,369 | 57,543 |
| | 1,009,587 | 3,469,541 | 4,479,128 | 3,669,143 |
| Excess (deficiency) of revenue over expenses before amortization | 227,494 | (65,517) | 161,977 | 361,693 |
| Amortization | (158,196) | - | (158,196) | (145,339) |
| Excess (deficiency) of revenue over expenses | 69,298 | (65,517) | 3,781 | 216,354 |
| Fund balances, beginning of year | 768,734 | 762,421 | 1,531,155 | 1,314,801 |
| Fund balances, end of year | \$ 838,032 | \$ 696,904 | \$ 1,534,936 | \$ 1,531,155 |

See accompanying notes to the financial statements.

Partners International Canada – Christian Nationals Evangelism Mission Statement of Cash Flows

| Year ended June 30 | 2022 | 2021 |
|---|---------------------|---------------------|
| Increase (decrease) in cash | | |
| Operating | | |
| Excess of revenue over expenses | \$ 3,781 | \$ 216,354 |
| Items not involving cash | | |
| Amortization | 158,196 | 145,339 |
| Deferred contributions recognized | (63,750) | (13,750) |
| Deferred contributions – intangible assets recognized | (66,000) | (66,000) |
| Loan forgiveness relating to CEBA loan payable (Note 5) | <u>-</u> | <u>(20,000)</u> |
| | <u>32,227</u> | <u>261,943</u> |
| Net change in non-cash working capital items | | |
| Sundry receivables | 2,434 | (2,702) |
| Sales taxes recoverable | (21,401) | 29,838 |
| Prepaid expenses | (3,505) | 1,311 |
| Accounts payable and accrued liabilities | 3,123 | 21,213 |
| Deferred contributions received | <u>85,000</u> | <u>-</u> |
| | <u>65,651</u> | <u>49,660</u> |
| | <u>97,878</u> | <u>311,603</u> |
| Investing and financing | | |
| Purchase of property and equipment | (235,947) | (11,517) |
| Purchase of intangible assets | (36,104) | (87,214) |
| (Repayment of) proceeds from CEBA loan payable | <u>(40,000)</u> | <u>20,000</u> |
| | <u>(312,051)</u> | <u>(78,731)</u> |
| Net change in cash during the year | (214,173) | 232,872 |
| Cash | | |
| Beginning of year | <u>1,351,216</u> | <u>1,118,344</u> |
| End of year | <u>\$ 1,137,043</u> | <u>\$ 1,351,216</u> |

See accompanying notes to the financial statements.

Partners International Canada – Christian Nationals Evangelism Mission Notes to the Financial Statements

June 30, 2022

1. Purpose and incorporation

Partners International Canada - Christian Nationals Evangelism Mission (“Partners International Canada”) raises funds to support Christian ministries overseas through partnerships with indigenous-led organizations. The partnerships are based on ministry agreements that have been accepted by the Canada Revenue Agency. The purpose of Partners International Canada is to provide mission services to underdeveloped contexts where there are few Christians and few resources available. Partners International Canada is incorporated as a not-for-profit organization in the province of Ontario and is a Canadian registered charity under the Income Tax Act and, as such, is exempt from income tax.

2. Summary of significant accounting policies

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”), the more significant of which are outlined below.

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revision or any possibility of impairment. Certain items in the preparation of these financial statements require management’s best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. These estimates are reviewed periodically and adjustments are made to excess (deficiency) of revenue over expenses as appropriate in the fiscal year they become known.

Fund accounting

Separate funds are maintained to account for and to report on the separate activities or objectives as determined by donors.

Operating Fund

The Operating Fund reflects contributions and other revenue, and related expenses, pertaining to the general operations of Partners International Canada.

Designated Funds

The Designated Funds consist of amounts appropriated for use in program and missionary activities. It is a policy of the Board of Directors to fund deficiencies in any of the designated activities (field projects, international co-ordination, conferences or area representatives) with funds from the Operating Fund.

Partners International Canada receives designated gifts in support of a variety of program and missionary activities. These gifts are recorded as field projects revenue upon receipt. Partners International Canada has a policy of allocating 18% of these funds annually to support administrative and development activities.

Partners International Canada – Christian Nationals Evangelism Mission Notes to the Financial Statements

June 30, 2022

2. Summary of significant accounting policies (continued)

Revenue recognition

Partners International Canada follows the restricted fund method of accounting for revenue. As such, unrestricted contributions are recognized as revenue of the Operating Fund and all contributions which are externally restricted by the donor are recorded in the Designated Funds in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions for capital and intangible assets are deferred and amortized over the life of the asset.

Operating Fund contributions received for specific purposes differing from those of the Designated Funds which are not spent by year end are deferred until the year in which the related expenses are incurred.

Canada Emergency Wage Subsidy (“CEWS”) is a form of government assistance. Government assistance is recognized in the statement of revenue, expenses and changes in fund balances when received or receivable in the year to which it relates.

Rental, sundry and investment revenue are recognized as earned.

Donated materials and services

The value of donated materials and services is not recorded in the financial statements because of the difficulty of determining their value.

Foreign operations and assets

All expenses and property and equipment acquisitions for operations in foreign countries are recorded as program expenses when remitted. This policy is based on the fact that such assets would only rarely return to Partners International Canada once they are sent overseas.

Property and equipment and intangible assets

Property and equipment and intangible assets are recorded at cost and are amortized over their estimated useful life on a straight-line basis as follows:

| | |
|---------------------------------|----------|
| National office building | 20 years |
| Computer equipment and software | 3 years |
| Furniture and equipment | 5 years |
| Network platforms | 5 years |

Long lived assets are tested for impairment when events or changes in circumstances indicate that an asset might be impaired. The assets are tested for impairment by comparing the net carrying value to their fair value or replacement cost. If the asset’s fair value or replacement cost is determined to be less than its net carrying value, the resulting impairment is reported in the statement of revenue, expenses and changes in fund balances. Any impairment recognized is not reversed.

Partners International Canada – Christian Nationals Evangelism Mission Notes to the Financial Statements

June 30, 2022

2. Summary of significant accounting policies (continued)

Financial instruments

Partners International Canada considers any contract creating a financial asset, liability or equity instrument as a financial instrument. Partners International Canada's financial instruments are comprised of cash, sundry receivables, sales taxes recoverable, accounts payable, and CEBA loan payable. Partners International Canada initially measures its financial assets or liabilities at their fair value and then subsequently at amortized cost.

3. Property and equipment and intangible assets

| | <u>Cost</u> | <u>Accumulated Amortization</u> | <u>2022 Net Book Value</u> | <u>2021 Net Book Value</u> |
|---------------------------------|-------------------|-------------------------------------|------------------------------------|------------------------------------|
| Property and equipment | | | | |
| National office building | \$ 639,980 | \$ 387,900 | \$ 252,080 | \$ 52,150 |
| Computer equipment and software | 117,517 | 111,575 | 5,942 | 5,120 |
| Furniture and equipment | <u>29,252</u> | <u>23,996</u> | <u>5,256</u> | <u>96</u> |
| | <u>\$ 786,749</u> | <u>\$ 523,471</u> | <u>\$ 263,278</u> | <u>\$ 57,366</u> |
| Intangible assets | | | | |
| Network platforms | <u>\$ 661,475</u> | <u>\$ 250,333</u> | <u>\$ 411,142</u> | <u>\$ 503,199</u> |

4. Deferred contributions

Deferred contributions

| | <u>Opening Balance</u> | <u>Received</u> | <u>Recognized in revenue</u> | <u>Closing Balance</u> |
|---------------|----------------------------|-----------------|----------------------------------|----------------------------|
| Contributions | \$ - | \$ 85,000 | \$ (63,750) | \$ 21,250 |

Deferred contributions – intangible assets

| | <u>Opening Balance</u> | <u>Received</u> | <u>Recognized in revenue</u> | <u>Closing Balance</u> |
|-------------------|----------------------------|-----------------|----------------------------------|----------------------------|
| Network platforms | \$ 264,000 | - | \$ (66,000) | \$ 198,000 |

Partners International Canada – Christian Nationals Evangelism Mission Notes to the Financial Statements

June 30, 2022

5. CEBA loan payable

During a prior year, Partners International Canada obtained the Canada Emergency Business Account (“CEBA”) loan of \$60,000. The loan was interest free and due no later than December 31, 2023. If Partners International Canada was able to pay \$40,000 on or before December 31, 2023, the remaining \$20,000 will be forgiven. If the loan cannot be repaid by December 31, 2023, the loan will be converted into a 2-year term loan, with an interest rate of 5% due no later than December 31, 2025. Partners International Canada paid back \$40,000 in fiscal 2022. The remaining \$20,000 was recognized as revenue in fiscal 2021.

6. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of the financial statements in assessing the extent of risk related to financial instruments. Partners International Canada’s main financial risk exposures are as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet its obligation. Partners International Canada is exposed to credit risk with respect to its sundry receivables. This risk is mitigated through ensuring revenue is derived from qualified sources. The allowance for doubtful accounts in relation to sundry receivables is \$Nil (2021 - \$Nil).

In addition, Partners International Canada is exposed to concentration risk in that its cash balances held with financial institutions are in excess of Canadian Deposit Insurance Corporation limits. This risk is mitigated through analysis and investing of excess cash on a regular basis.

Currency risk

Currency risk is the risk arising from the change in price of one currency against another. Partners International Canada is exposed to currency risk with respect to a portion of its cash held in US dollars. Cash held in US bank accounts at year-end is \$19,193 (2021 - \$20,270). The gain (loss) on foreign exchange is insignificant.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Partners International Canada is exposed to liquidity risk with respect to its accounts payable and CEBA loan payable.

Partners International Canada reduces its exposure to liquidity risk by ensuring that it documents when authorized payments are due and maintaining adequate cash reserves to repay advances.

Included in accounts payable and accrued liabilities are government remittances owing of \$Nil (2021 - \$Nil).

Partners International Canada – Christian Nationals Evangelism Mission Notes to the Financial Statements

June 30, 2022

7. Comparative figures

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2022 financial statements.