PARTNERS INTERNATIONAL CANADA

FINANCIAL STATEMENTS

JUNE 30, 2024

INDEX

NORTONMcMULLEN
CHARTERED PROFESSIONAL ACCOUNTANTS LLP

INDEPENDENT AUDITOR'S REPORT

To the Members of
Partners International Canada
BRAMPTON
Ontario

Opinion
We have audited the accompanying financial statements of Partners International Canada which comprise the statement of financial position at June 30, 2024 and the statement of operations and changes in fund balances and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the entity as at June 30, 2024 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.

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 the entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other 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 Canadian accounting standards for not-for-profit organizations. 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 the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity'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.

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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 the entity'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 the entity'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 the entity 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.

Norton McMullen LLP

NORTON McMULLEN LLP
Chartered Professional Accountants, Licensed Public Accountants

MARKHAM, Canada
November 16, 2024

PARTNERS INTERNATIONAL CANADA

STATEMENT OF FINANCIAL POSITION

As at June 30,	2024	2023
ASSETS		
Current		
Cash	$ 1,529,856	$ 1,032,966
Short-term investments (Note 2)	1,045,261	1,052,394
Accounts receivable	18,618	6,909
HST recoverable	17,618	19,005
Prepaid expenses	38,155	93,336
	$ 2,649,508	$ 2,204,610
Long-Term Investments (Note 2)	150,000	100,000
Capital Assets (Note 3)	224,360	241,503
Intangible Assets (Note 3)	152,674	282,852
	$ 3,176,542	$ 2,828,965
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 108,878	$ 115,391
Deferred contributions (Note 4)	820,445	851,415
	$ 929,323	$ 966,806
Deferred Contributions - Intangible Assets (Note 4)	66,000	132,000
	$ 995,323	$ 1,098,806
FUND BALANCES		
Operating Fund	$ 1,252,067	$ 999,737
Designed Funds - Externally restricted	929,152	730,422
	$ 2,181,219	$ 1,730,159
	$ 3,176,542	$ 2,828,965

Approved by the Board:

J Kilback Director

Director

See accompanying notes

PARTNERS INTERNATIONAL CANADA

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

For the year ended June 30, **2024** 2023

	OPERATING FUND	DESIGNATED FUNDS	TOTAL (2024)	TOTAL (2023)
REVENUES				
Contributions				
Field projects	$ -	$ 1,855,693	$ 1,855,693	$ 2,294,831
General and administrative	1,387,555	-	1,387,555	1,404,673
International operations	-	361,669	361,669	413,664
Canadian based affiliates	-	518,733	518,733	300,150
Public engagement and education	-	153,873	153,873	32,305
Rental and sundry	32,100	-	32,100	32,190
Investment income	91,174	-	91,174	23,002
	$ 1,510,829	$ 2,889,968	$ 4,400,797	$ 4,500,815
EXPENSES				
Program services				
Field projects	$ -	$ 1,683,452	$ 1,683,452	$ 2,347,270
International operations	-	497,523	497,523	388,463
Canadian based affiliates	-	299,840	299,840	255,913
Public engagement and education	-	210,423	210,423	15,786
Support services				
Development and marketing	580,648	-	580,648	629,482
General and administrative	468,085	-	468,085	447,928
Facilities and equipment	58,789	-	58,789	62,189
	$ 1,107,522	$ 2,691,238	$ 3,798,760	$ 4,147,031
EXCESS OF REVENUES OVER EXPENSES BEFORE:	$ 403,307	$ 198,730	$ 602,037	$ 353,784
Amortization	(150,977)	-	(150,977)	(158,561)
EXCESS OF REVENUES OVER EXPENSES	$ 252,330	$ 198,730	$ 451,060	$ 195,223
FUND BALANCES - Beginning	999,737	730,422	1,730,159	1,534,936
FUND BALANCES - Ending	$ 1,252,067	$ 929,152	$ 2,181,219	$ 1,730,159

See accompanying notes

PARTNERS INTERNATIONAL CANADA

STATEMENT OF CASH FLOWS

For the year ended June 30,	2024	2023
CASH AND CASH EQUIVALENTS WERE PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess of revenues over expenses	$ 451,060	$ 195,223
Items not affecting cash:		
Amortization	150,977	158,561
Deferred contributions recognized	(72,415)	(21,250)
Deferred contributions - intangible assets recognized	(66,000)	(66,000)
Unrealized gain on investments	-	(2,394)
	$ 463,622	$ 264,140
Net change in non-cash working capital balances:		
Accounts receivable	(11,709)	(5,616)
HST recoverable	1,387	24,412
Prepaid expenses	55,181	(71,864)
Accounts payable and accrued liabilities	(6,513)	(8,068)
Deferred contributions received	41,445	851,415
	$ 543,413	$ 1,054,419
INVESTING ACTIVITIES		
Purchase of investments	$ (42,867)	$ (1,150,000)
Purchase of capital assets	(133,834)	(6,953)
Purchase of intangible assets	130,178	(1,543)
Repayment of CEBA loan payable	-	-
	$ (46,523)	$ (1,158,496)
DECREASE IN CASH	$ 496,890	$ (104,077)
CASH - Beginning	1,032,966	1,137,043
CASH - Ending	$ 1,529,856	$ 1,032,966

NATURE OF OPERATIONS

Partners International Canada ("the Organization") 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 the Organization is to provide mission services to underdeveloped contexts where there are few Christians and few resources available. The Organization 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.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit-organizations and include the following significant accounting policies:

a) **Use of Estimates**

The preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions based on currently available information. Such estimates and assumptions affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from the estimates used.

Significant estimates include the estimated useful life of capital assets and intangible assets.

b) **Fund Accounting**

Resources are classified into funds according to the activities or objectives specified as follows:

i) **Operating Fund**
The Operating Fund reflects contributions and other revenue, and related expenses, pertaining to the general operations of the Organization.

ii) **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.

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

1. **SIGNIFICANT ACCOUNTING POLICIES** - Continued

c) **Revenue Recognition**

The Organization 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.

Rental, sundry and investment revenue are recognized as earned.

d) **Cash and Cash Equivalents**

Cash and cash equivalents consist of cash held in the Organization's bank and investment accounts.

e) **Capital and Intangible Assets**

Capital and intangible assets are recorded at cost. Amortization is being provided on a straight-line basis over the estimated useful life of the assets using the following annual rates:

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

f) **Impairment of Long-Lived Assets**

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 operations and changes in fund balances. Any impairment recognized is not reversed.

1. **SIGNIFICANT ACCOUNTING POLICIES** - Continued

g) **Financial Instruments**

Measurement of Financial Instruments
The Organization initially measures all of its financial assets and liabilities originated or exchanged in arm's length transactions at fair value.

The Organization subsequently measures all of its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the excess of revenues over expenses in the period incurred.

Financial assets subsequently measured at amortized cost include cash, guaranteed investment certificates and accounts receivable. Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities.

Other than marketable securities, the Organization has no financial assets measured at fair value and has not elected to carry any financial asset or liability at fair value.

Impairment
Financial assets measured at amortized cost are tested for impairment when events or circumstances indicate possible impairment. Write-downs, if any, are recognized in the excess of revenues over expenses and may be subsequently reversed to the extent that the net effect after the reversal is the same as if there had been no write-down. There are no impairment indicators in the current year.

h) **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 the Organization once they are sent overseas.

2. INVESTMENTS

Investments consist of the following:

	2024	2023
Investment (cash) held-in-trust, annual interest rate of 5%	$ 1,045,261	$ 650,000
Investment (securities) held-in-trust, at fair value	-	302,394
Guaranteed investment certificate, annual interest rate of 5.45%, matures July 18, 2024	66,000	-
Guaranteed investment certificate, annual interest rate of 5.45%, matures July 18, 2024	100,000	-
Guaranteed investment certificate, annual interest rate of 5.57%, matures September 9, 2024	100,000	-
Guaranteed investment certificate, annual interest rate of 5.57%, matures October 1, 2024	50,000	-
Guaranteed investment certificate, annual interest rate of 5.40%, matures September 1, 2025	100,000	-
Guaranteed investment certificate, annual interest rate of 5.50%, matures September 29, 2025	50,000	-
Guaranteed investment certificate, annual interest rate of 4.51%, matures October 1, 2024	100,000	100,000
Guaranteed investment certificate, annual interest rate of 4.37%, matured September 28, 2023	-	100,000
Total	$ 1,611,261	$ 1,152,394
Less: Current portion	1,461,261	1,052,394
Long-term portion	$ 150,000	$ 100,000

3. CAPITAL AND INTANGIBLE ASSETS

Capital and intangible assets consist of the following:

	2024			2023
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Capital assets				
National office building	$ 643,161	$ 425,122	$ 218,039	$ 232,076
Computer equipment and software	124,944	121,251	3,693	5,486
Furniture and equipment	29,251	26,623	2,628	3,942
	$ 797,356	$ 572,996	$ 224,360	$ 241,504
Intangible assets				
Network platforms	$ 663,018	$ 510,344	$ 152,674	$ 282,852

4. DEFERRED CONTRIBUTIONS

Deferred contributions consist of the following:

	Balance Beginning	Received	Recognized as Revenue	Balance Ending
Deferred contributions				
Contributions	$ 851,415	$ 41,445	$ (72,415)	$ 820,445
Deferred contributions - intangible assets				
Network platforms	$ 132,000	$ -	$ (66,000)	$ 66,000

5. **FINANCIAL INSTRUMENTS**

Risks and Concentrations

The Organization is exposed to various risks through its financial instruments. The following analysis provides a summary of the Organization's exposure to and concentrations of risk at June 30, 2024:

a) **Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. The Organization is not exposed to significant credit risk. There has been no change in the assessment of credit risk from the prior year.

b) **Liquidity Risk**

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly with respect to its accounts payable and accrued liabilities. The Organization manages this risk by managing its working capital and generating sufficient cash flow from operations. There has been no change in the assessment of liquidity risk from the prior year.

c) **Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk. The Organization is mainly exposed to currency and price risk as follows:

i) **Currency Risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As at June 30, 2024, cash of $4,378 (2023 – $3,461) and investments of $Nil (2023 - $4,727) is denominated in US dollars and have been converted into equivalent Canadian dollars at the exchange rate in effect at the year end. Foreign exchange gains and losses are included in excess of revenues over expenses. The exposure to this risk changes as the transaction amounts change and as the exchange rate fluctuates.

ii) **Price Risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization is exposed to price risk through its investments in marketable securities. The exposure to this risk fluctuates as the Organization's investments change from year to year.