

**Billy Graham Evangelistic  
Association of Canada**

Financial Statements  
**December 31, 2009**

April 30, 2010

## Auditors' Report

### To the Members of Billy Graham Evangelistic Association of Canada

We have audited the statement of financial position of **Billy Graham Evangelistic Association of Canada (the "Association")** as at December 31, 2009 and the statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the 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 Billy Graham Evangelistic Association of Canada as at December 31, 2009 and the results of its operations, changes in fund balances and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at December 31, 2008 and for the year then ended were audited by other auditors who expressed an unqualified opinion thereon, dated March 31, 2009.

*PricewaterhouseCoopers LLP*

Chartered Accountants

# Billy Graham Evangelistic Association of Canada

## Statement of Financial Position

As at December 31, 2009

	2009 \$	2008 \$
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	1,719,173	1,041,001
Accounts receivable	26,551	54,492
Prepaid expenses	77,478	40,701
Receivable from related parties (note 7)	26,272	-
	<u>1,849,474</u>	<u>1,136,194</u>
<b>Long-term investments</b> (note 4)	3,192,918	3,635,200
<b>Capital assets</b> (note 5)	<u>3,481,941</u>	<u>3,609,631</u>
	<u>8,524,333</u>	<u>8,381,025</u>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	245,372	515,832
Payable to related parties (note 7)	-	50,912
Unearned revenue on subscriptions to DECISION magazine	68,529	75,846
	<u>313,901</u>	<u>642,590</u>
<b>Fund balances</b>		
Unrestricted	3,876,548	3,095,896
Internally restricted – invested in capital assets	3,481,941	3,609,631
Externally restricted – Ministry fund	126,792	307,757
Endowments	725,151	725,151
	<u>8,210,432</u>	<u>7,738,435</u>
	<u>8,524,333</u>	<u>8,381,025</u>

Approved by the Board of Directors

\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# Billy Graham Evangelistic Association of Canada

## Statement of Operations and changes in fund balances

For the year ended December 31, 2009

					2009	2008
	General fund	Capital fund	Ministry fund	Endowment fund	Total	Total
	\$	\$	\$	\$	\$	\$
<b>Revenue</b>						
Contributions	3,624,987	-	852,435	-	4,477,422	4,968,895
Bequests	1,019,852	-	-	-	1,019,852	746,158
Investment and other income	357,987	-	-	-	357,987	221,795
DECISION magazine subscriptions	111,515	-	-	-	111,515	165,603
Book and film sales	47,811	-	-	-	47,811	52,727
	<u>5,162,152</u>	<u>-</u>	<u>852,435</u>	<u>-</u>	<u>6,014,587</u>	<u>6,155,178</u>
<b>Expenditures</b>						
Evangelistic ministries:						
Youth evangelism	541,500	-	308,700	-	850,200	949,494
Training	352,171	-	171,428	-	523,599	292,898
City wide evangelism	204,020	-	239,849	-	443,869	322,195
International ministries and world emergencies	111,122	-	239,738	-	350,860	979,966
DECISION magazine	270,607	-	-	-	270,607	319,457
Radio, television and films	181,007	-	72,332	-	253,339	1,000,656
Other	1,906,751	103,813	1,353	-	2,011,917	2,119,573
	<u>3,567,178</u>	<u>103,813</u>	<u>1,033,400</u>	<u>-</u>	<u>4,704,391</u>	<u>5,984,239</u>
General and administrative	697,914	26,627	-	-	724,541	746,349
Fundraising	113,658	-	-	-	113,658	109,341
	<u>4,378,750</u>	<u>130,440</u>	<u>1,033,400</u>	<u>-</u>	<u>5,542,590</u>	<u>6,839,929</u>
<b>Excess (deficiency) of revenue over expenditures</b>	783,402	(130,440)	(180,965)	-	471,997	(684,751)
<b>Fund balance – Beginning of year</b>	3,095,896	3,609,631	307,757	725,151	7,738,435	8,433,551
Inter fund transfer – capital asset additions	(2,750)	2,750	-	-	-	-
Transitional adjustment on adoption of new accounting policy	-	-	-	-	-	(10,365)
<b>Fund balance – End of year</b>	<u>3,876,548</u>	<u>3,481,941</u>	<u>126,792</u>	<u>725,151</u>	<u>8,210,432</u>	<u>7,738,435</u>

# Billy Graham Evangelistic Association of Canada

## Statement of Cash Flows

For the year ended December 31, 2009

---

	2009 \$	2008 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess (deficiency) of support and revenue over expenditures for the year	471,997	(684,751)
Items not affecting cash:		
Amortization	130,440	155,145
Transitional adjustment on adoption of new accounting policy	-	(10,365)
Unrealized investment gain	(38,656)	11,640
Gain on sale of capital assets	(4,130)	-
	<u>559,651</u>	<u>(528,331)</u>
Changes in non-cash working capital:		
Accounts receivable	27,941	(3,072)
Prepaid expenses	(36,777)	(11,519)
Accounts payable and accrued liabilities	(270,460)	275,648
Payable to related parties	(77,184)	(209,039)
Unearned revenue on subscriptions to DECISION magazine	(7,317)	(60,641)
	<u>(363,797)</u>	<u>(8,623)</u>
<b>Investing activities</b>		
Purchase of investments	(1,154,597)	(2,000,000)
Maturities of investments	1,635,535	2,182,077
Proceeds on sale of capital assets	4,130	-
Purchase of capital assets	(2,750)	(48,971)
	<u>482,318</u>	<u>133,106</u>
<b>Increase (decrease) in cash and cash equivalents</b>	678,172	(403,848)
<b>Cash and cash equivalents – Beginning of year</b>	<u>1,041,001</u>	<u>1,444,849</u>
<b>Cash and cash equivalents – End of year</b>	<u>1,719,173</u>	<u>1,041,001</u>
Cash and cash equivalents consist of:		
Cash	1,506,893	671,025
Money market mutual funds	212,280	369,976

# Billy Graham Evangelistic Association of Canada

Notes to Financial Statements

December 31, 2009

---

## 1 Nature of the Association

The purpose of Billy Graham Evangelistic Association of Canada (the "Association") is to propagate the Gospel of the Lord Jesus Christ by radio, television, printed material and all other means. Support is received from individual donors through contributions, deferred giving programs and evangelistic activities.

The Association is a registered charity under the Income Tax Act and accordingly is exempt from income taxes.

## 2 Change in accounting policy

Effective January 1, 2009, the Association adopted retrospectively the changes to the recommendations in CICA Handbook Section 4400, financial statement presentation for Not for Profit Organizations that eliminate the requirement to separately disclose the amount of fund balances invested in capital assets. The Association has chosen to disclose amounts invested in capital assets as a separate component of internally restricted fund balances as permitted by these standards.

## 3 Significant accounting policies

### Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenue and expenses during the reporting period. These estimates and assumptions are the responsibility of management. These estimates and assumptions are subject to measurement uncertainty and actual results and financial position may differ from those reported in these financial statements.

### Fund accounting

The Association follows the restricted fund method of accounting for contributions. The Association maintains the following funds:

- The General Fund reports the assets, liabilities, revenue and expenditures relating to ministry and administrative activities of the Association that are supported by unrestricted contributions and restricted contributions related to a specific operating purpose.
- The Capital Fund reports the assets, liabilities, revenue and expenditures related to the Association's capital assets.
- The Ministry Fund reports the assets, liabilities, revenue and expenditures related to the Association's programs that are supported by externally restricted contributions.
- The Endowment fund reports the assets and contributions that donors have specified must be maintained in perpetuity.

# Billy Graham Evangelistic Association of Canada

Notes to Financial Statements

December 31, 2009

---

## Revenue recognition

Unrestricted contributions are recognized as revenue in the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions related to a specific operating purpose are recognized as revenue in the General Fund in the year in which the related expenses are incurred. Endowment fund contributions are recognized as revenue in the Endowment Fund when received. All other restricted contributions are recognized as revenue in the appropriate restricted fund when received.

Revenue for subscriptions to DECISION magazine is recorded as deferred revenue and is recognized in revenue over the period of the subscription.

Unrestricted investment income is recognized as revenue of the General Fund.

## Contributed goods and services

Donations of goods and services are recorded when the fair market value is reasonably determinable and when they would otherwise be purchased by the Association.

A proportion of the Association's work is dependant on voluntary services from many members and supporters. Because of difficulty in determining their value, these contributed services are not recognized in the financial statements.

## Cash and cash equivalents

Cash and cash equivalents consist of highly liquid investments with a maturity of 90 days or less.

## Long-term investments

Investments are recorded at fair market value determined by reference to published price quotations in an active market. The change in fair market value is recorded directly in the Statement of Operations in the General Fund. Transaction costs are expensed as incurred.

## Capital assets

Capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is recorded using the straight line method over the following estimated useful lives:

Building	40 years
Furniture and equipment	3 to 8 years

# Billy Graham Evangelistic Association of Canada

Notes to Financial Statements

December 31, 2009

---

## Foreign currency translation

Current assets and liabilities denominated in foreign currencies are translated at exchange rates in effect at the end of the year. Transactions during the year are translated at exchange rates in effect at the date of the transaction. Exchange gains and losses occurring from the date of the transaction to the date of payment are reflected in the statement of operations.

## Financial instruments

The Association has chosen to follow the disclosure requirements of CICA Handbook Section 3861, instead of new expanded rules set out in Section 3862 and 3863, in keeping with the options provided by Handbook Section 3862.43(c) and 3863.40(c).

The Association's financial instruments recognized in the balance sheet consist of cash and cash equivalents, accounts receivable, receivable from related parties, long-term investments, accounts payable and accrued liabilities and payable to related parties.

The Association has classified each financial instrument into the following categories:

<b>Category</b>	<b>Financial Instrument</b>
Held for trading	Cash and cash equivalents, long-term investments
Loans or receivables	Accounts receivable, receivable from related parties
Financial liabilities	Accounts payable and accrued liabilities, and payable to related parties

All financial instruments must initially be recognized at fair value on the balance sheet. Subsequent measurement of the financial instruments is based on their classification. Held for trading financial assets are measured at fair value with unrealized gains or losses recognized in the statement of operations. Financial loans or receivables and other financial liabilities are measured at cost or amortized cost.

### a) Fair values

The fair value of these financial instruments, excluding receivable from and payable to related parties, approximates their carrying amount due to their short term maturity. The fair value of receivable from and payable to related parties is not materially different from its carrying amount.

### b) Credit risk

The Association does not have a concentration of credit exposure with any one customer or sponsor. The Association does not consider that it is exposed to undue credit risk.

### c) Interest rate risk

The Association is not exposed to interest rate risk.

# Billy Graham Evangelistic Association of Canada

Notes to Financial Statements

December 31, 2009

---

## Comparative figures

Certain of prior year figures have been reclassified to conform with the current year's presentation.

### 4 Long – term investments

	2009		2008	
	Cost \$	Fair market value \$	Cost \$	Fair market value \$
GIC's	3,154,900	3,191,677	2,021,300	2,021,709
Corporate bonds	-	-	1,138,969	1,110,511
Provincial bonds	-	-	496,936	502,980
Equities	1,241	1,241	-	-
	<u>3,156,141</u>	<u>3,192,918</u>	<u>3,657,205</u>	<u>3,635,200</u>

GIC's have effective interest rates ranging from 1.6% to 4.32% and mature between 2010 and 2012.

### 5 Capital assets

	2009		2008	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Land	1,491,237	-	1,491,237	1,491,237
Building	2,282,684	377,865	1,904,819	1,959,803
Furniture and equipment	437,177	351,292	85,885	158,591
	<u>4,211,098</u>	<u>729,157</u>	<u>3,481,941</u>	<u>3,609,631</u>

During the year, amortization in the amount of \$130,440 (2008 – \$155,145) was recorded in the Capital Fund.

### 6 Deferred giving program

The Association has a fully funded program whereby revocable deferred gifts have been made through trust fund participation. These trust funds are held and managed by the Association. At December 31, 2009, \$1,837,322 (2008 – \$1,973,651) were held under this program. As these funds are revocable, they have not been reflected in the records of the Association.

# Billy Graham Evangelistic Association of Canada

Notes to Financial Statements

December 31, 2009

---

## 7 Related party transactions

### a) Common control

Samaritan's Purse – Canada and the Association are considered to be related parties as each of these organizations share common directors and a close working relationship.

As at December 31, 2009, the amount due to Samaritan's Purse – Canada was \$3,472 (2008 – due to Samaritan's Purse Canada – \$30,007). This amount was included in receivable from related parties. These amounts are subject to normal trade terms as per the cost sharing agreement between the parties and are included in the due to related parties balance.

### b) Affiliated

The Association and Billy Graham Evangelistic Association ("BGEA") located in Charlotte, North Carolina are considered affiliated as they share three common directors and a close working relationship. BGEA provides television production, development, and response centre support services to the Association. The Association is billed for these services at cost. These and other services provided by BGEA to the Association amounted to approximately \$13,671 (2008 – \$86,220).

As at December 31, 2009, the amount due from BGEA was \$29,744 (2008 – due to BGEA \$20,905). This amount was included in receivable from related parties. These amounts are subject to normal trade terms, arose in the normal course of daily operations of the Association, and are included in the due to related parties balance.

## 8 Capital disclosures

The Association defines its capital as the amounts included in its Fund Balances.

The Association's objectives in managing its capital are preservation of capital and sufficient liquidity to meet project and operating payments.

A portion of the Association's capital is restricted in that the Association is required to meet certain requirements in order to utilize its externally restricted funds. The Association has internal control processes to ensure that the restrictions are met prior to the utilization of these resources and has been in compliance with these restrictions throughout the year.

The Association manages components of its capital in accordance with an investment policy approved by the Board of Directors. The policy is reviewed annually to assess risk and performance, and to make adjustments as required in light of changes in economic conditions, organizational environment, and legal considerations.

# **Billy Graham Evangelistic Association of Canada**

Notes to Financial Statements

**December 31, 2009**

---

## **9 Statutory disclosure**

As required by Section 7(2) of the Charitable Fundraising Regulation of Alberta, the Association paid \$63,042 in 2009 to employees whose principle duties involved fundraising.

