

**Billy Graham Evangelistic
Association of Canada**

Financial Statements
December 31, 2010

April 19, 2011

Auditors' Report

To the Members of
Billy Graham Evangelistic Association of Canada

We have audited the accompanying financial statements of **Billy Graham Evangelistic Association of Canada**, which comprise the statement of financial position as at December 31, 2010 and the statements of operations and changes in fund balances and cash flows for the year then ended, and related notes including a summary of significant accounting policies.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditor's responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Billy Graham Evangelistic Association of Canada as at December 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

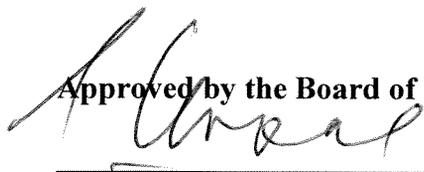
Billy Graham Evangelistic Association of Canada

Statement of Financial Position

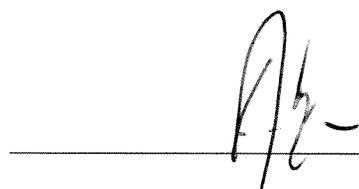
As at December 31, 2010

	2010 \$	2009 (restated – note 10) \$
Assets		
Current		
Cash and cash equivalents	1,661,901	1,719,173
Short-term investments (note 3)	1,516,485	1,010,268
Accounts receivable	48,257	26,551
Prepaid expenses	15,507	77,478
Receivable from related parties (note 7)	64,516	26,272
	<hr/> 3,306,666	<hr/> 2,859,742
Investments (note 3)	1,166,089	2,182,650
Capital assets (note 4)	<hr/> 3,421,170	<hr/> 3,481,941
	<hr/> 7,893,925	<hr/> 8,524,333
Liabilities		
Current		
Accounts payable and accrued liabilities	154,400	245,372
Unearned revenue on subscriptions to DECISION magazine	61,994	68,529
	<hr/> 216,394	<hr/> 313,901
Deferred contributions (note 5)	130,453	126,792
Fund balances		
Unrestricted	3,400,757	3,876,548
Internally restricted – invested in capital assets	3,421,170	3,481,941
Endowments	725,151	725,151
	<hr/> 7,547,078	<hr/> 8,083,640
	<hr/> 7,893,925	<hr/> 8,524,333

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, 2010

	Operating fund \$	Capital fund \$	Endowment fund \$	2010 Total \$	2009 (restated – note 10) Total \$
Revenue					
Contributions – general	3,438,961	-	-	3,438,961	3,624,987
Recognition of deferred ministry contributions (note 5)	1,428,662	-	-	1,428,662	1,033,400
Bequests	666,573	-	-	666,573	1,019,852
Investment and other income	413,191	-	-	413,191	405,798
DECISION magazine subscriptions	93,905	-	-	93,905	111,515
	<u>6,041,292</u>	<u>-</u>	<u>-</u>	<u>6,041,292</u>	<u>6,195,552</u>
Expenditures					
Evangelistic ministries:					
Youth evangelism	3,377,321	-	-	3,377,321	850,200
Training	193,664	-	-	193,664	523,599
City wide evangelism	85,583	-	-	85,583	443,869
International ministries and world emergencies	304,966	-	-	304,966	350,860
DECISION magazine	219,550	-	-	219,550	270,607
Radio, television and films	19,206	-	-	19,206	253,339
Other	1,525,343	111,334	-	1,636,677	2,011,917
	<u>5,725,633</u>	<u>111,334</u>	<u>-</u>	<u>5,836,967</u>	<u>4,704,391</u>
General and administrative	589,295	27,204	-	616,499	724,541
Fundraising	124,388	-	-	124,388	113,658
	<u>6,439,316</u>	<u>138,538</u>	<u>-</u>	<u>6,577,854</u>	<u>5,542,590</u>
(Deficiency) excess of revenue over expenditures	(398,024)	(138,538)	-	(536,562)	652,962
Fund balance – Beginning of year as restated (note 10)	3,876,548	3,481,941	725,151	8,083,640	7,430,678
Inter fund transfer – capital asset additions	(77,767)	77,767	-	-	-
Fund balance – End of year	<u>3,400,757</u>	<u>3,421,170</u>	<u>725,151</u>	<u>7,547,078</u>	<u>8,083,640</u>

Billy Graham Evangelistic Association of Canada

Statement of Cash Flows

For the year ended December 31, 2010

	2010 \$	2009 (restated – note 10) \$
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenditures for the year	(536,562)	652,962
Items not affecting cash:		
Amortization	138,538	130,440
Unrealized investment loss (gain)	9,103	(38,656)
Gain on sale of capital assets	-	(4,130)
	<u>(388,921)</u>	<u>740,616</u>
Net increase (decrease) in deferred contributions	3,661	(180,965)
Changes in non-cash working capital:		
Accounts receivable	(21,706)	27,941
Prepaid expenses	61,971	(36,777)
Accounts payable and accrued liabilities	(90,972)	(270,460)
Payable to related parties	(38,244)	(77,184)
Unearned revenue on subscriptions to DECISION magazine	(6,535)	(7,317)
	<u>(480,746)</u>	<u>195,854</u>
Investing activities		
Purchase of investments	(500,000)	(1,154,597)
Proceeds on maturities of investments	1,001,241	1,635,535
Proceeds on sale of capital assets	-	4,130
Purchase of capital assets	(77,767)	(2,750)
	<u>423,474</u>	<u>482,318</u>
(Decrease) increase in cash and cash equivalents	(57,272)	678,172
Cash and cash equivalents – Beginning of year	<u>1,719,173</u>	<u>1,041,001</u>
Cash and cash equivalents – End of year	<u>1,661,901</u>	<u>1,719,173</u>
Cash and cash equivalents consist of		
Cash	1,426,052	1,506,893
Money market mutual funds	235,849	212,280

Billy Graham Evangelistic Association of Canada

Notes to Financial Statements

December 31, 2010

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 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. Significant estimates included in these financial statements are useful life of capital assets and accruals.

Fund accounting

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

- The Operating Fund reports the assets, liabilities, revenue and expenditures relating to ministry and administrative activities of the Association.
- The Capital Fund reports the assets, liabilities, revenue and expenditures related to the Association's capital assets.
- 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, 2010

Revenue recognition

Unrestricted contributions are recognized as revenue in the Operating 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 Capital purpose are recognized as revenue in the Capital Fund when received. Endowment fund contributions are recognized as revenue in the Endowment Fund when received. All other restricted contributions are recognized as revenue in Operating Fund in the year in which related expenses are incurred.

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 Operating 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 portion 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.

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 Operating Fund. Transaction costs are expensed as incurred. Investments with maturities within one year have been classified as short-term investments.

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

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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, short-term and long-term investments, accounts payable and accrued liabilities.

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

Category	Financial Instrument
Held for trading	Cash and cash equivalents, short-term and 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, 2010

3 Investments

	2010		2009	
	Cost \$	Fair market value \$	Cost \$	Fair market value \$
Guaranteed Investment Certificates (GIC's)	2,654,900	2,682,574	3,154,900	3,191,677
Equities	-	-	1,241	1,241
	<u>2,654,900</u>	<u>2,682,574</u>	<u>3,156,141</u>	<u>3,192,918</u>

GIC's have effective interest rates ranging from 2.37% to 4.32% and mature between 2011 and 2013. The amount maturing in the next fiscal year is \$1,516,485 (2009 – \$1,010,268).

4 Capital assets

	2010		2009	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Land	1,491,237	-	1,491,237	1,491,237
Building	2,282,683	435,600	1,847,083	1,904,819
Furniture and equipment	506,593	423,743	82,850	85,885
	<u>4,280,513</u>	<u>859,343</u>	<u>3,421,170</u>	<u>3,481,941</u>

During the year, amortization in the amount of \$138,538 (2009 – \$130,440) was recorded in the Capital Fund.

5 Deferred contributions

The balance pertains to externally restricted contributions to be used for ministry activities that have not been expended as follows:

	2010 \$	2009 \$
Balance – Beginning of year	126,792	307,757
Amounts received during the year	1,432,323	852,435
Amounts recognized as revenue during the year	<u>(1,428,662)</u>	<u>(1,033,400)</u>
Balance – End of year	<u>130,453</u>	<u>126,792</u>

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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, 2010, \$1,810,515 (2009 – \$1,837,322) were held under this program. As these funds are revocable, they have not been reflected in the records of the Association.

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, 2010, the amount due to Samaritan's Purse – Canada was \$24,240 (2009 – due to Samaritan's Purse Canada – \$3,472). 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. During the year, the Association and Samaritan's Purse – Canada paid reimbursable expenses on behalf of each other.

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 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 \$13,214 (2009 – \$13,671).

As at December 31, 2010, the amount due from BGEA was \$88,757 (2009 – due to BGEA \$29,744). 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.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of considerations established and agreed to by the related parties.

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.

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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.

9 Statutory disclosure

As required by Section 7(2) of the Charitable Fundraising Regulation of Alberta, in 2010 the Association paid \$46,514 (2009 – \$63,042) to employees whose principle duties involved fundraising.

10 Comparative figures

Certain prior year figures have been reclassified to conform to the current year's presentation. Specifically during 2010, the Association combined the restricted Ministry Fund with the General Fund. All related activities are now reported in the newly named Operating Fund.

This resulted in the following restatements:

- a) Decrease in Externally restricted fund balance by \$126,792 as at December 31, 2009;
- b) Increase in Deferred contributions by \$126,792 as at December 31, 2009; and
- c) Increase in both revenue, and Excess (deficiency) of revenue over expenditures, by \$180,965 for the year ended December 31, 2009.

