

**Billy Graham Evangelistic
Association of Canada**

Financial Statements
December 31, 2012 and 2011



April 15, 2013

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, 2012, December 31, 2011 and January 1, 2011 and the statements of operations and changes in fund balances and cash flows for the years ended December 31, 2012 and December 31, 2011, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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, 2012, December 31, 2011 and January 1, 2011 and the results of its operations and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian accounting standards for not-for-profit organizations.

PricewaterhouseCoopers LLP

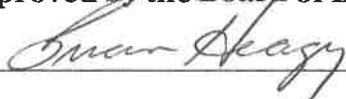
Chartered Accountants

Billy Graham Evangelistic Association of Canada

Statements of Financial Position

	As at December 31, 2012 \$	As at December 31, 2011 \$	As at January 1, 2011 \$
Assets			
Current assets			
Cash and cash equivalents	1,017,988	1,934,930	1,661,901
Short-term investments (note 4)	2,207,074	1,011,405	1,516,485
Accounts receivable	36,170	24,584	48,257
Prepaid expenses	52,485	31,029	15,507
Receivable from related parties (note 8)	-	-	64,516
	<u>3,313,717</u>	<u>3,001,948</u>	<u>3,306,666</u>
Investments (note 4)	2,674,071	2,661,712	1,166,089
Capital assets (note 5)	<u>3,299,231</u>	<u>3,344,745</u>	<u>3,421,170</u>
	<u>9,287,019</u>	<u>9,008,405</u>	<u>7,893,925</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	236,644	138,930	154,400
Unearned revenue on subscriptions to DECISION magazine	48,508	58,486	61,994
Payable to related parties (note 8)	48,411	20,001	-
	<u>333,563</u>	<u>217,417</u>	<u>216,394</u>
Deferred contributions (note 6)	101,422	180,520	130,453
Fund balances			
Unrestricted	4,827,652	4,540,572	3,400,757
Internally restricted – invested in capital assets	3,299,231	3,344,745	3,421,170
Endowments	725,151	725,151	725,151
	<u>8,852,034</u>	<u>8,610,468</u>	<u>7,547,078</u>
	<u>9,287,019</u>	<u>9,008,405</u>	<u>7,893,925</u>

Approved by the Board of Directors



Director



Director

Billy Graham Evangelistic Association of Canada

Statements of Operations and Changes in Fund Balances

For the years ended December 31, 2012 and December 31, 2011

	Operating fund \$	Capital fund \$	Endowment fund \$	2012 Total \$	2011 Total \$ (note 2)
Revenue					
Contributions – general	2,957,953	-	-	2,957,953	3,288,479
Recognition of deferred ministry contributions (note 6)	1,405,861	1,300	-	1,407,161	1,030,776
Bequests	553,439	-	-	553,439	879,579
Investment and other income	160,710	-	-	160,710	153,046
DECISION magazine subscriptions	77,571	-	-	77,571	86,413
	<u>5,155,534</u>	<u>1,300</u>	<u>-</u>	<u>5,156,834</u>	<u>5,438,293</u>
Expenditures					
Evangelistic ministries					
Youth evangelism	1,716,006	-	-	1,716,006	1,221,168
My Hope with Billy Graham	321,891	-	-	321,891	-
Training	88,971	-	-	88,971	250,950
City wide evangelism	52,638	-	-	52,638	81,255
International ministries and world emergencies	371,841	-	-	371,841	386,330
DECISION magazine	192,572	-	-	192,572	199,268
Radio and television	5,349	-	-	5,349	7,945
Other ministry	1,230,199	71,654	-	1,301,853	1,484,514
	<u>3,979,467</u>	<u>71,654</u>	<u>-</u>	<u>4,051,121</u>	<u>3,631,430</u>
General and administrative	636,766	25,509	-	662,275	607,198
Fundraising	201,872	-	-	201,872	136,275
	<u>4,818,105</u>	<u>97,163</u>	<u>-</u>	<u>4,915,268</u>	<u>4,374,903</u>
Excess of revenue over expenditures	337,429	(95,863)	-	241,566	1,063,390
Fund balance – Beginning of year	4,540,572	3,344,745	725,151	8,610,468	7,547,078
Inter fund transfer – capital asset additions	(50,349)	50,349	-	-	-
Fund balance – End of year	4,827,652	3,299,231	725,151	8,852,034	8,610,468

Billy Graham Evangelistic Association of Canada

Statements of Cash Flows

For the years ended December 31, 2012 and December 31, 2011

	2012 \$	2011 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures for the year	241,566	1,063,390
Items not affecting cash:		
Amortization	97,163	122,600
Accrued interest	(7,928)	4,457
	<u>330,801</u>	<u>1,190,447</u>
Net (decrease) increase in deferred contributions	(79,098)	50,067
Changes in non-cash working capital:		
Accounts receivable	(11,586)	23,673
Prepaid expenses	(21,456)	(15,522)
Accounts payable and accrued liabilities	103,974	(15,470)
Payable to related parties	22,150	84,517
Unearned revenue on subscriptions to DECISION magazine	(9,978)	(3,508)
	<u>334,807</u>	<u>1,314,204</u>
Investing activities		
Purchase of investments	(2,200,000)	(2,495,000)
Proceeds on maturities of investments	999,900	1,500,000
Purchase of capital assets	(51,649)	(46,175)
	<u>(1,251,749)</u>	<u>(1,041,175)</u>
(Decrease) increase in cash and cash equivalents	(916,942)	273,029
Cash and cash equivalents – Beginning of year	1,934,930	1,661,901
Cash and cash equivalents – End of year	1,017,988	1,934,930
Cash and cash equivalents consist of		
Cash	601,570	1,081,367
Money market mutual funds	416,418	853,563

Billy Graham Evangelistic Association of Canada

Notes to Financial Statements

December 31, 2012 and December 31, 2011

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 and to equip others to do likewise. Support is received from individual donors through contributions, deferred giving programs and evangelistic activities.

As ambassadors of Christ, the Association seeks to help all people understand that God has reconciled the world to Himself through the death and resurrection of His Son; that Jesus Christ, who knew no sin, took upon Himself the sin of all mankind and in doing so, has ensured that our sin would not be counted against us. Jesus has become for us wisdom from God; that is, our righteousness, holiness and redemption (2 Corinthians 5: 11-21, 1 Corinthians 1:31).

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

2 Transition to new Canadian accounting standards for not-for-profit organizations

Effective January 1, 2012, the Association adopted Canadian accounting standards for not-for-profit organizations ("ASNPO") as issued by the Canadian Accounting Standards Board. The Accounting policies selected under this framework have been applied consistently and retrospectively as if these policies had always been in effect.

The Association has utilized the following transitional exemption on the adoption of ASNPO:

- Investments owned at the date of transition are carried at fair value rather than amortized cost. These investments consist solely of guaranteed investment certificates (GICs).

The Statements of Operations and Changes in Fund Balances for the year ended December 31, 2011 are provided below. No changes were required to these statements or the statement of cash flows for the year ended December 31, 2011 or to the statements of financial position as at December 31, 2011 and January 1, 2011 as a result of the transition to ASNPO.

Billy Graham Evangelistic Association of Canada

Notes to Financial Statements

December 31, 2012 and December 31, 2011

For the year ended December 31, 2011

	Operating fund \$	Capital fund \$	Endowment fund \$	2011 Total \$
Revenue				
Contributions – general	3,288,479	-	-	3,288,479
Recognition of deferred ministry	1,030,776	-	-	1,030,776
Bequests	879,579	-	-	879,579
Investment and other income	153,046	-	-	153,046
DECISION magazine subscriptions	86,413	-	-	86,413
	<u>5,438,293</u>	<u>-</u>	<u>-</u>	<u>5,438,293</u>
Expenditures				
Evangelistic ministries				
Youth evangelism	1,221,168	-	-	1,221,168
Training	250,950	-	-	250,950
City wide evangelism	81,255	-	-	81,255
International ministries and world emergencies	386,330	-	-	386,330
DECISION magazine	199,268	-	-	199,268
Radio, television and films	7,945	-	-	7,945
Other ministry	1,385,754	98,760	-	1,484,514
	<u>3,532,670</u>	<u>98,760</u>	<u>-</u>	<u>3,631,430</u>
General and administrative	583,357	23,841	-	607,198
Fundraising	136,275	-	-	136,275
	<u>4,252,302</u>	<u>122,601</u>	<u>-</u>	<u>4,374,903</u>
Excess (deficiency) of revenue over expenditures	1,185,991	(122,601)	-	1,063,390
Fund balance – Beginning of year	3,400,757	3,421,170	725,151	7,547,078
Inter fund transfer – capital asset additions	(46,176)	46,176	-	-
Fund balance – End of year	<u>4,540,572</u>	<u>3,344,745</u>	<u>725,151</u>	<u>8,610,468</u>

3 Significant accounting policies

Use of estimates

The preparation of financial statements in conformity with ASNPO 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.

Billy Graham Evangelistic Association of Canada

Notes to Financial Statements

December 31, 2012 and December 31, 2011

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.

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 the 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.

Billy Graham Evangelistic Association of Canada

Notes to Financial Statements

December 31, 2012 and December 31, 2011

Investments

Investments, other than guaranteed investment certificates (GICs), 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. GICs are recorded at fair market value which is calculated as the certificate deposit amount plus accrued interest. 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

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 initially measures financial assets and financial liabilities at their fair value. It subsequently measures its financial assets and financial liabilities at amortized cost, other than investments which are reported at fair value. The financial assets subsequently measured at amortized cost include cash and cash equivalents, accounts receivable, and receivable from related parties. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and payable to related parties.

The Association has assessed the relevant financial risks of its financial instruments:

a) 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.

b) Interest rate risk

The Association is not exposed to interest rate risk.

Billy Graham Evangelistic Association of Canada

Notes to Financial Statements

December 31, 2012 and December 31, 2011

4 Investments

	December 31, 2012		December 31, 2011		January 1, 2011	
	Cost	Fair market value	Cost	Fair market value	Cost	Fair market value
	\$	\$	\$	\$	\$	\$
Guaranteed Investment Certificates (GICs)	4,850,000	4,881,145	3,649,900	3,673,117	2,654,900	2,682,574

GICs are reported at fair value and have effective interest rates ranging from 0.75% to 2.45% and mature between 2013 and 2016. The amount maturing in the next fiscal year is \$2,207,074 (2011 – \$1,011,405).

Interest income recorded in 2012 is \$95,028 (December 31, 2011 – \$98,824).

5 Capital assets

	December 31, 2012		
	Cost	Accumulated amortization	Net Book value
	\$	\$	\$
Land	1,491,237	-	1,491,237
Building	2,321,140	552,138	1,769,002
Furniture and equipment	536,089	497,097	38,992
	4,348,466	1,049,235	3,299,231

	December 31, 2011		
	Cost	Accumulated amortization	Net Book value
	\$	\$	\$
Land	1,491,237	-	1,491,237
Building	2,282,683	493,335	1,789,348
Furniture and equipment	522,897	458,737	64,160
	4,296,817	952,072	3,344,745

	January 1, 2011		
	Cost	Accumulated amortization	Net Book value
	\$	\$	\$
Land	1,491,237	-	1,491,237
Building	2,282,683	435,600	1,847,083
Furniture and equipment	506,593	423,743	82,850
	4,280,513	859,343	3,421,170

During the year, amortization in the amount of \$97,163 (2011 – \$122,600) was recorded in the Capital Fund.

Billy Graham Evangelistic Association of Canada

Notes to Financial Statements

December 31, 2012 and December 31, 2011

6 Deferred contributions

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

	December 31, 2012 \$	December 31, 2011 \$	January 1, 2011 \$
Balance – Beginning of year	180,520	130,453	126,792
Amounts received during the year	1,328,063	1,080,843	1,432,323
Amounts recognized as revenue during the year	(1,407,161)	(1,030,776)	(1,428,662)
Balance – End of year	<u>101,422</u>	<u>180,520</u>	<u>130,453</u>

7 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, 2012, \$1,847,898 (2011 – \$1,859,165) were held under this program. As these funds are revocable, they have not been reflected in the records of the Association.

8 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, 2012, the amount due to Samaritan's Purse – Canada was \$44,821 (2011 – \$9,582). This amount was included in payable to 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 \$7,504 (2011 – \$9,277).

Billy Graham Evangelistic Association of Canada

Notes to Financial Statements

December 31, 2012 and December 31, 2011

As at December 31, 2012, the amount due to BGEA was \$3,590 (December 31, 2011 – \$10,419). This amount was included in payable to 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.

9 Statutory disclosure

As required by Section 7(2) of the Charitable Fundraising Regulation of Alberta, in 2012 the Association paid \$100,532 (2011 – \$37,273) to employees whose principle duties involved fundraising.