

**Billy Graham Evangelistic
Association of Canada**

Financial Statements
December 31, 2013



April 8, 2014

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, 2013, and the statements of operations and changes in fund balances and cash flows for the year then ended 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 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.

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



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, 2013, 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.

PricewaterhouseCoopers LLP

Chartered Accountants

Billy Graham Evangelistic Association of Canada

Statement of Financial Position

As at December 31, 2013

	2013 \$	2012 \$
Assets		
Current assets		
Cash and cash equivalents	2,029,002	1,017,988
Short-term investments (note 3)	1,458,386	2,207,074
Accounts receivable	27,363	36,170
Prepaid expenses	111,052	52,485
	<u>3,625,803</u>	<u>3,313,717</u>
Investments (note 3)	2,575,397	2,674,071
Capital assets (note 4)	<u>3,322,810</u>	<u>3,299,231</u>
	<u>9,524,010</u>	<u>9,287,019</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	197,722	236,644
Unearned revenue on subscriptions to DECISION magazine	40,154	48,508
Payable to related parties (note 7)	58,162	48,411
	<u>296,038</u>	<u>333,563</u>
Deferred contributions (note 5)	47,713	101,422
Fund balances		
Unrestricted	5,132,298	4,827,652
Internally restricted – invested in capital assets	3,322,810	3,299,231
Endowments	725,151	725,151
	<u>9,180,259</u>	<u>8,852,034</u>
	<u>9,524,010</u>	<u>9,287,019</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, 2013

				2013	2012
	Operating fund \$	Capital fund \$	Endowment fund \$	Total \$	Total \$
Revenue					
Contributions – general	2,803,743	-	-	2,803,743	2,957,953
Recognition of deferred ministry contributions (note 5)	1,526,356	-	-	1,526,356	1,407,161
Bequests	521,408	-	-	521,408	553,439
Investment and other income	111,359	-	-	111,359	139,383
DECISION magazine subscriptions	74,875	-	-	74,875	77,571
	<u>5,037,741</u>	<u>-</u>	<u>-</u>	<u>5,037,741</u>	<u>5,135,507</u>
Expenditures					
Evangelistic ministries					
Youth evangelism	14,432	-	-	14,432	1,716,006
My Hope with Billy Graham	1,375,381	-	-	1,375,381	321,891
Training	143,395	-	-	143,395	88,971
City wide evangelism	260,931	-	-	260,931	52,638
International ministries and world emergencies	614,358	-	-	614,358	371,841
DECISION magazine	196,388	-	-	196,388	192,572
Radio and television	42,119	-	-	42,119	29,162
Other ministry	1,213,038	79,763	-	1,292,801	1,278,040
	<u>3,860,042</u>	<u>79,763</u>	<u>-</u>	<u>3,939,805</u>	<u>4,051,121</u>
General and administrative	525,844	25,659	-	551,503	640,948
Fundraising	218,208	-	-	218,208	201,872
	<u>4,604,094</u>	<u>105,422</u>	<u>-</u>	<u>4,709,516</u>	<u>4,893,941</u>
Excess of revenue over expenditures	433,647	(105,422)	-	328,225	241,566
Fund balance – Beginning of year	4,827,652	3,299,231	725,151	8,852,034	8,610,468
Inter fund transfer – capital asset additions	(129,001)	129,001	-	-	-
Fund balance – End of year	<u>5,132,298</u>	<u>3,322,810</u>	<u>725,151</u>	<u>9,180,259</u>	<u>8,852,034</u>

Billy Graham Evangelistic Association of Canada

Statement of Cash Flows

For the year ended December 31, 2013

	2013 \$	2012 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures for the year	328,225	241,566
Items not affecting cash		
Amortization	105,422	97,163
Accrued interest	(2,638)	(7,928)
	<u>431,009</u>	<u>330,801</u>
Net decrease in deferred contributions	(53,709)	(79,098)
Changes in non-cash working capital		
Accounts receivable	8,807	(11,586)
Prepaid expenses	(58,567)	(21,456)
Accounts payable and accrued liabilities	(38,922)	103,974
Payable to related parties	9,751	22,150
Unearned revenue on subscriptions to DECISION magazine	(8,354)	(9,978)
	<u>290,015</u>	<u>334,807</u>
Investing activities		
Purchase of investments	(1,350,000)	(2,200,000)
Proceeds on maturities of investments	2,200,000	999,900
Purchase of capital assets	(129,001)	(51,649)
	<u>720,999</u>	<u>(1,251,749)</u>
Increase (decrease) in cash and cash equivalents	1,011,014	(916,942)
Cash and cash equivalents – Beginning of year	1,017,988	1,934,930
Cash and cash equivalents – End of year	<u>2,029,002</u>	<u>1,017,988</u>
Cash and cash equivalents consist of		
Cash	870,888	601,570
Money market mutual funds	1,158,114	416,418
	<u>2,029,002</u>	<u>1,017,988</u>

Billy Graham Evangelistic Association of Canada

Notes to Financial Statements

December 31, 2013

1 Nature of the Association

The Billy Graham Evangelistic Association of Canada (the "Association") was incorporated under Part II of the Canada Corporations Act by Letters Patent dated July 2, 1968, and was continued under the Canada Not-for-Profit Corporations Act on November 8, 2013. The purpose of 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 Significant accounting policies

Basis of presentation

The Association's financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

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

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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 dependent 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 initial terms to maturity of 90 days or less.

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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, and accounts receivable. 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

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association maintains a low risk portfolio of investments and does not consider that it is exposed to undue credit risk. There has been no change to the risk exposure from the prior year.

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association is not exposed to interest rate risk as its investments are in fixed rate instruments. There has been no change to the risk exposure from the prior year.

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c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is not exposed to liquidity risk as it maintains sufficient cash and cash equivalents to meet its ongoing obligations. There has been no change to the risk exposure from the prior year.

3 Investments

	2013		2012	
	Cost \$	Fair market value \$	Cost \$	Fair market value \$
Guaranteed Investment Certificates (GICs)	4,000,000	4,033,783	4,850,000	4,881,145

GICs are reported at fair value and have effective interest rates ranging from 0.90% to 3.0% and mature between 2013 and 2016. The amount maturing in the next fiscal year is \$1,458,386 (2012 – \$2,207,074).

Interest income recorded in 2013 is \$97,284 (2012 – \$95,028).

4 Capital assets

	2013		2012	
	Cost \$	Accumulated amortization \$	Net Book value \$	Net Book value \$
Land	1,491,237	-	1,491,237	1,491,237
Building	2,355,212	611,038	1,744,174	1,769,002
Furniture and equipment	628,223	540,824	87,399	38,992
	4,474,672	1,151,862	3,322,810	3,299,231

During the year, amortization in the amount of \$105,422 (2012 – \$97,163) was recorded in the Capital Fund.

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5 Deferred contributions

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

	2013 \$	2012 \$
Balance – Beginning of year	101,422	180,520
Amounts received during the year	1,472,647	1,328,063
Amounts recognized as revenue during the year	(1,526,356)	(1,407,161)
Balance – End of year	<u>47,713</u>	<u>101,422</u>

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, 2013, \$1,859,793 (2012 – \$1,847,898) 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, 2013, the amount due to Samaritan's Purse – Canada was \$47,918 (2012 – \$44,821). 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 \$7,576 (2012 – \$7,504).

As at December 31, 2013, the amount due to BGEA was \$10,244 (2012 – \$3,590). 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.

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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 Government remittances payable

As at December 31, 2013, the amount of government remittances payable was \$3,934 (2012 – 4,782).

9 Statutory disclosure

As required by Section 7(2) of the Charitable Fundraising Regulation of Alberta, in 2013 the Association paid \$118,457 (2012 – \$100,532) to employees whose principle duties involved fundraising.