

**Billy Graham Evangelistic
Association of Canada**

Financial Statements
December 31, 2015



April 1, 2016

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, 2015, and the statements of operations and changes in fund balances and cash flows for the year 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, 2015, 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 Professional Accountants

Billy Graham Evangelistic Association of Canada

Statement of Financial Position

As at December 31, 2015

	2015 \$	2014 \$
Assets		
Current assets		
Cash and cash equivalents	1,771,193	1,659,095
Short-term investments (note 3)	2,575,431	1,263,490
Accounts receivable	29,628	113,464
Prepaid expenses	97,452	26,137
	<u>4,473,704</u>	<u>3,062,186</u>
Investments (note 3)	3,842,424	3,346,029
Capital assets (note 4)	<u>3,188,403</u>	<u>3,284,050</u>
	<u>11,504,531</u>	<u>9,692,265</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	176,514	159,618
Unearned revenue on subscriptions to DECISION magazine	43,851	44,417
Payable to related parties (note 7)	37,002	77,473
	<u>257,367</u>	<u>281,508</u>
Deferred contributions (note 5)	59,442	109,770
Fund balances		
Unrestricted	7,274,168	5,291,786
Internally restricted – invested in capital assets	3,188,403	3,284,050
Endowments	725,151	725,151
	<u>11,187,722</u>	<u>9,300,987</u>
	<u>11,504,531</u>	<u>9,692,265</u>

Approved by the Board of Directors



Director



Director

The accompanying notes are an integral part of these financial statements.

Billy Graham Evangelistic Association of Canada

Statement of Operations and Changes in Fund Balances

For the year ended December 31, 2015

	2015			2014	
	Operating fund \$	Capital fund \$	Endowment fund \$	Total \$	Total \$
Revenue					
Contributions – general	2,803,953	-	-	2,803,953	2,966,980
Recognition of deferred ministry contributions (note 5)	1,044,769	-	-	1,044,769	1,717,242
Bequests	1,743,882	-	-	1,743,882	530,223
Investment and other income	469,976	-	-	469,976	289,435
DECISION magazine subscriptions	73,625	-	-	73,625	65,677
	<u>6,136,205</u>	<u>-</u>	<u>-</u>	<u>6,136,205</u>	<u>5,569,557</u>
Expenditures					
Evangelistic ministries					
My Hope with Billy Graham	180,402	-	-	180,402	287,184
Training	261,674	-	-	261,674	160,634
City wide evangelism	1,185,287	-	-	1,185,287	2,321,213
International ministries and world emergencies	287,352	-	-	287,352	166,578
DECISION magazine	186,058	-	-	186,058	201,554
Media	98,357	-	-	98,357	120,511
Other ministry	1,240,455	89,057	-	1,329,512	1,379,078
	<u>3,439,585</u>	<u>89,057</u>	<u>-</u>	<u>3,528,642</u>	<u>4,636,752</u>
General and administrative	510,304	34,930	-	545,234	572,789
Fundraising	175,594	-	-	175,594	239,288
	<u>4,125,483</u>	<u>123,987</u>	<u>-</u>	<u>4,249,470</u>	<u>5,448,829</u>
Excess (deficiency) of revenue over expenditures	2,010,722	(123,987)	-	1,886,735	120,728
Fund balance – Beginning of year	5,291,786	3,284,050	725,151	9,300,987	9,180,259
Inter fund transfer – capital asset additions	(28,340)	28,340	-	-	-
Fund balance – End of year	<u>7,274,168</u>	<u>3,188,403</u>	<u>725,151</u>	<u>11,187,722</u>	<u>9,300,987</u>

The accompanying notes are an integral part of these financial statements.

Billy Graham Evangelistic Association of Canada

Statement of Cash Flows

For the year ended December 31, 2015

	2015 \$	2014 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures for the year – Operating Fund	2,010,722	233,770
Items not affecting cash		
Accrued interest	(12,161)	(3,236)
	<u>1,998,561</u>	<u>230,534</u>
Net increase in deferred contributions	(50,327)	62,057
Changes in non-cash working capital		
Accounts receivable	83,836	(86,101)
Prepaid expenses	(71,315)	84,915
Accounts payable and accrued liabilities	16,894	(38,104)
Payable to related parties	(40,471)	19,311
Unearned revenue on subscriptions to DECISION magazine	(565)	4,263
	<u>1,936,613</u>	<u>276,875</u>
Investing activities		
Purchase of investments	(3,046,175)	(2,022,500)
Proceeds on maturities of investments	1,250,000	1,450,000
Purchase of capital assets	(28,340)	(74,282)
	<u>(1,824,515)</u>	<u>(646,782)</u>
Increase (decrease) in cash and cash equivalents	112,098	(369,907)
Cash and cash equivalents – Beginning of year	<u>1,659,095</u>	<u>2,029,002</u>
Cash and cash equivalents – End of year	<u>1,771,193</u>	<u>1,659,095</u>
Cash and cash equivalents consist of		
Cash	1,698,666	1,238,832
Money market mutual funds	72,527	420,263
	<u>1,771,193</u>	<u>1,659,095</u>

The accompanying notes are an integral part of these financial statements.

Billy Graham Evangelistic Association of Canada

Notes to Financial Statements

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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.

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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 and Changes in Fund Balances 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 as follows:

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.

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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.

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

	2015		2014	
	Cost \$	Fair market value \$	Cost \$	Fair market value \$
Guaranteed Investment Certificates (GICs)	6,368,675	6,417,856	4,572,500	4,609,519

GICs are reported at fair value and have effective interest rates ranging from 0.75 % to 3.0% and mature between 2016 and 2019. The amount maturing in the next fiscal year is \$2,575,431 (2014 – \$1,263,490).

Interest income recorded in 2015 is \$120,248 (2014 – \$106,465).

4 Capital assets

	2015		2014	
	Cost \$	Accumulated amortization \$	Net Book value \$	Net Book value \$
Land	1,491,237	-	1,491,237	1,491,237
Building	2,385,201	732,736	1,652,465	1,695,790
Furniture and equipment	643,332	598,632	44,700	97,023
	4,519,770	1,331,368	3,188,402	3,284,050

During the year, amortization in the amount of \$123,987 (2014 – \$113,041) 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:

	2015 \$	2014 \$
Balance – Beginning of year	109,770	47,713
Amounts received during the year	994,441	1,779,299
Amounts recognized as revenue during the year	(1,044,769)	(1,717,242)
Balance – End of year	<u>59,442</u>	<u>109,770</u>

6 Deferred giving program

The Association has a deferred giving program whereby deferred gifts have been made through trust fund participation. These trust funds are managed by the Billy Graham Evangelistic Association. At December 31, 2015, one trust was under administration, with trust funds totalling \$547,482 (2014 – \$1,394,611), representing 100% of the assets of the trust. The Association is the sole beneficiary under the trust. No amounts related to the trust funds have 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, 2015, the amount due to Samaritan's Purse – Canada was \$28,095 (2014 – \$20,721). 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 \$5,802 (2014 – \$7,297).

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As at December 31, 2015, the amount due to BGEA was \$8,907 (2014 – \$56,752). 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.

8 Government remittances payable

As at December 31, 2015, the amount of government remittances payable was \$4,165 (2014 – \$4,436).

9 Statutory disclosure

As required by Section 7(2) of the Charitable Fundraising Regulation of Alberta, in 2015 the Association paid \$87,919 (2014 – \$127,096) to employees whose principle duties involved fundraising.