
ETHNOS CANADA
DURHAM, ONTARIO
FINANCIAL STATEMENTS
DECEMBER 31, 2017

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Independent Auditor's Report

To the Directors of Ethnos Canada:

I have audited the accompanying financial statements of Ethnos Canada, which comprise the statement of financial position as at December 31, 2017, and the statements of revenue, expenditure and surplus, and changes in net assets for the year then ended, and 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 non-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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted the audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for Qualified Opinion

In common with many non-profit organizations, Ethnos Canada derives revenue from the general public in the form of gifts, donations and contributions, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to revenue, excess of expenditure over revenue, assets and surplus.

Qualified Opinion

In my opinion, except for the effect of adjustments, if any, which I may have determined to be necessary had I been able to satisfy myself concerning the completeness of the donation revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of Ethnos Canada as at December 31, 2017, and the results of its operations and changes in net assets for the year then ended in accordance with Canadian accounting standards for non-profit organizations.

Truro, Nova Scotia
May 18, 2017



Chartered Accountant

ETHNOS CANADA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

	2017	2016
Assets		
Current		
Cash and bank	\$ 798,839	\$ 649,605
Marketable securities	849,910	825,867
Receivables	26,230	36,996
Inventory	<u>15,880</u>	<u>7,188</u>
	1,690,859	1,519,656
Investment in restricted assets (Note 3)	32,831	35,066
Capital assets (Note 4)	<u>1,267,372</u>	<u>1,306,740</u>
	<u>\$2,991,062</u>	<u>\$2,861,462</u>
Liabilities		
Current		
Payables and accruals	\$ 172,352	\$ 189,481
Due to missionaries	<u>1,124,627</u>	<u>1,058,679</u>
	<u>1,296,979</u>	<u>1,248,160</u>
Net assets		
Invested in capital assets	1,267,372	1,306,740
Invested in restricted assets	32,831	35,066
Unrestricted net assets	<u>393,880</u>	<u>271,496</u>
	<u>1,694,083</u>	<u>1,613,302</u>
	<u>\$2,991,062</u>	<u>\$2,861,462</u>

ON BEHALF OF THE BOARD:



Director



Director

ETHNOS CANADA
STATEMENT OF REVENUE, EXPENDITURE AND SURPLUS
FOR THE YEAR ENDING DECEMBER 31, 2017

	2017	2016
Revenue:		
Public Contributions:		
Donations for ministry	\$ 7,438,655	\$ 7,271,142
Donations for projects	540,728	430,799
Bequests	<u>54,332</u>	<u>0</u>
	<u>8,038,715</u>	<u>7,701,941</u>
Other Revenues:		
Campus apartment rentals	206,128	178,247
Student rentals and fees	76,373	7,547
Investment income	13,282	10,562
Bookstore	9,415	16,259
Other income	61,235	46,500
Foreign exchange gain/<loss>	10,358	5,501
Gain on sale of capital assets	<u>5,031</u>	<u>0</u>
	<u>381,822</u>	<u>264,616</u>
	<u>8,420,537</u>	<u>7,966,557</u>
Expenses		
Missionary field programs	5,805,727	5,685,159
Candidate training programs	482,700	442,607
Recruiting programs	375,186	363,586
Retirement programs	86,719	99,497
Communications	155,931	145,568
Member care	<u>256,347</u>	<u>260,128</u>
	7,162,610	6,996,545
Administration and management	<u>1,174,911</u>	<u>1,075,624</u>
	<u>8,337,521</u>	<u>8,072,169</u>
Excess / <deficiency> of revenue over expenses	83,016	(105,612)
Net change in restricted assets	(2,235)	14,323
Surplus , beginning of year	<u>1,613,302</u>	<u>1,704,591</u>
Surplus, end of year	<u>\$ 1,694,083</u>	<u>\$ 1,613,302</u>

ETHNOS CANADA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING DECEMBER 31, 2017

	2017	2016
Operating activities		
Excess / <deficiency> of revenue over expenses	\$ 83,016	\$ (105,612)
Gain on disposal of capital assets	(5,013)	0
Items not requiring a current outlay of cash:		
Depreciation and amortization	118,664	122,244
Change in non-cash working capital items:		
Marketable securities	(24,043)	(275,840)
Receivables	10,766	1,895
Inventory	(8,692)	711
Payables and accruals	(17,129)	37,520
Due to missionaries	<u>65,948</u>	<u>190,874</u>
	<u>223,517</u>	<u>(31,998)</u>
Investing activities		
Proceeds from the sale of capital assets	5,013	0
Purchase of capital assets	<u>(79,296)</u>	<u>(7,925)</u>
	<u>(74,283)</u>	<u>(7,925)</u>
Financing activities		
Change in investment in restricted assets	2,235	(14,323)
Change in restricted net assets	<u>(2,235)</u>	<u>14,323</u>
	<u>0</u>	<u>0</u>
Increase / (decrease) in cash for year	149,234	(39,923)
Cash and bank, beginning of year	<u>649,605</u>	<u>689,528</u>
Cash and bank, end of year	<u>\$ 798,839</u>	<u>\$ 649,605</u>

ETHNOS CANADA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

1. Nature of operations

The organization is an international faith mission, whose purpose is to take the Gospel of the Lord Jesus Christ to all areas of the world; to publish and distribute Christian literature; and to train Christian workers for service. The organization is incorporated under the laws of the Province of Ontario as a non-profit corporation, is a registered charity under the Income Tax Act, and is exempt from income tax.

2. Accounting policies

a) Marketable securities

Marketable securities and restricted net assets consist of cash and guaranteed investment certificates, and are recorded at fair market value. Investment income is recorded when received.

b) Inventory

The inventory represents books, videos, clothing and presentation materials for the organization's bookstore. Inventory is recorded at the lower of cost and net realizable value.

c) Capital assets

Capital assets are recorded at cost. Depreciation is recorded using the declining balance method at the rates indicated in Note 4.

d) Revenue

Revenue from public contributions is recorded when received. Other revenue is recorded using the accrual method. Accounts in foreign currencies have been translated into Canadian dollars at the year-end exchange rate and any resulting foreign exchange gains and losses are included in the determination of earnings.

e) Use of estimates

Certain amounts recognized in the financial statements, in conformity with Canadian generally accepted accounting principles for non-profit organizations, require management to make estimates and assumptions that affect the amounts reported in the financial statements. By nature, these estimates are subject to measurement uncertainty and as a result, actual results could differ.

f) Endowment/Legacy donations and restricted assets

Endowment/Legacy donations are recognized as revenue when received and the corresponding future payroll expense is also accrued at this time. Investment income on these funds is handled in the same manner. Endowment/Legacy funds are classified as restricted assets.

ETHNOS CANADA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

3. Investments in restricted assets

Investments in restricted assets consist of donated funds received by the organization. These funds are invested, with annual payments of investment income and a portion of capital, to missionaries designated by the donor. The payments will continue until the funds are depleted or until the missionaries retire. Any funds remaining at that time, will cede to the organization, or be returned to the donor in accordance with the terms of the donor agreement.

4. Capital assets

	Rate	Cost	2017	Net Book Value	2016
			Accumulated Depreciation		Net Book Value
Land	-	65,449	0	65,449	65,449
Buildings	4%	2,226,800	1,092,551	1,134,249	1,211,042
Portable buildings	10%	23,555	23,555	0	2,355
Computer equipment	25%	76,411	55,329	21,082	6,966
Vehicles	10%	166,247	150,944	15,303	993
Other equipment	10-30%	206,899	175,610	31,289	19,935
		<u>\$ 2,765,361</u>	<u>\$ 1,497,989</u>	<u>\$ 1,267,372</u>	<u>\$ 1,306,740</u>

Depreciation expense for the year totalled \$118,664, and was applicable to the following departments: Administration - \$116,911, Communications - \$309, Training - \$1,444.

5. Financial instruments

Financial instruments of the organization consist mainly of cash, receivables, marketable securities, inventory, payable and accruals and due to missionaries. The carrying values of these financial assets and financial liabilities approximate their fair values.
