

Back to God Ministries International
Financial Statements
For the year ended June 30, 2018

Back to God Ministries International
Financial Statements
For the year ended June 30, 2018

Contents

Independent Auditor's Report	2
Financial Statements	
Statement of Financial Position	3 - 4
Statement of Activities and Changes in Net Assets	5 - 6
Schedule of Functional Expenses	7 - 8
Statement of Cash Flows	9
Notes to Financial Statements	10 - 13



Tel: 905 639 9500
Fax: 905 633 4939
Toll-free: 888 236 2383
www.bdo.ca

BDO Canada LLP
3115 Harvester Road, Suite 400
Burlington ON L7N 3N8 Canada

Independent Auditor's Report

To the Governing Board of Back to God Ministries International

We have audited the accompanying financial statements of Back to God Ministries International (the "Organization"), which comprise the statement of financial position as at June 30, 2018, and the statements of activities and changes in net assets and cash flows 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 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 Organization'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 Organization'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 qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Back to God Ministries International derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of Back to God Ministries International. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess (deficiency) of revenue over expenses, and cash flows from operations for the years ended June 30, 2018 and 2017, current assets as at June 30, 2018 and 2017, and net assets as at July 1 and June 30 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended June 30, 2017 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Back to God Ministries International as at June 30, 2018, 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.

BDO Canada LLP


Chartered Professional Accountants, Licensed Public Accountants
Burlington, Ontario
October 10, 2018

**Back to God Ministries International
Statement of Financial Position**

June 30, 2018

	Unrestricted	Restricted	Total
Assets			
Current			
Cash	\$ 1,091,367	\$ -	\$ 1,091,367
Accounts receivable	10,207	-	10,207
Due from related party (Note 2)	70,483	-	70,483
Investment with Christian Stewardship Services (Note 3)	-	56,542	56,542
	\$ 1,172,057	\$ 56,542	\$ 1,228,599
Liabilities			
Current			
Accounts payable and accrued liabilities	\$ 36,839	\$ -	\$ 36,839
Demand notes payable (Note 4)	65,000	-	65,000
	101,839	-	101,839
Net Assets	1,070,218	56,542	1,126,760
	\$ 1,172,057	\$ 56,542	\$ 1,228,599

On behalf of the Board:

 Director

 Director

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

Back to God Ministries International Statement of Financial Position

June 30, 2017

	Unrestricted	Restricted	Total
Assets			
Current			
Cash	\$ 560,195	\$ -	\$ 560,195
Accounts receivable	13,065	-	13,065
Due from related parties (Note 2)	443,675	-	443,675
Investment with Christian Stewardship Services (Note 3)	-	70,368	70,368
	\$ 1,016,935	\$ 70,368	\$ 1,087,303
Liabilities			
Current			
Accounts payable and accrued liabilities	\$ 34,436	\$ -	\$ 34,436
Demand notes payable (Note 4)	65,000	-	65,000
Due to related party (Note 2)	33,069	-	33,069
	132,505	-	132,505
Net Assets	884,430	70,368	954,798
	\$ 1,016,935	\$ 70,368	\$ 1,087,303

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

Back to God Ministries International Statement of Activities and Changes in Net Assets

For the year ended June 30, 2018

	Unrestricted	Restricted	Total
Revenue			
Ministry shares	\$ 1,090,246	\$ -	\$ 1,090,246
Undesignated gifts	606,292	(16,732)	589,560
Ministry support	833,154	-	833,154
Legacies	302,228	-	302,228
Other	34,440	2,906	37,346
	2,866,360	(13,826)	2,852,534
Expenses			
Program services			
English	895,535	-	895,535
International	1,270,277	-	1,270,277
Total program services	2,165,812	-	2,165,812
Support services			
Management and general	171,043	-	171,043
Resource development	343,717	-	343,717
Total support services	514,760	-	514,760
Total expenses	2,680,572	-	2,680,572
Excess (deficiency) of revenue over expenses for the year	185,788	(13,826)	171,962
Net assets, beginning of year	884,430	70,368	954,798
Net assets, end of year	\$ 1,070,218	\$ 56,542	\$ 1,126,760

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

Back to God Ministries International Statement of Activities and Changes in Net Assets

For the year ended June 30, 2017

	Unrestricted	Restricted	Total
Revenue			
Ministry shares	\$ 1,148,637	\$ -	\$ 1,148,637
Undesignated gifts	543,124	(16,773)	526,351
Ministry support	553,159	-	553,159
Legacies	73,347	-	73,347
Other	31,032	4,143	35,175
	<u>2,349,299</u>	<u>(12,630)</u>	<u>2,336,669</u>
Expenses			
Program services			
English	687,168	-	687,168
International	1,076,773	-	1,076,773
Total program services	<u>1,763,941</u>	<u>-</u>	<u>1,763,941</u>
Support services			
Management and general	142,441	-	142,441
Resource development	344,075	-	344,075
Total support services	<u>486,516</u>	<u>-</u>	<u>486,516</u>
Total expenses	<u>2,250,457</u>	<u>-</u>	<u>2,250,457</u>
Excess (deficiency) of revenue over expenses for the year	98,842	(12,630)	86,212
Net assets, beginning of year	<u>785,588</u>	<u>82,998</u>	<u>868,586</u>
Net assets, end of year	<u>\$ 884,430</u>	<u>\$ 70,368</u>	<u>\$ 954,798</u>

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

Back to God Ministries International Schedule of Functional Expenses

For the year ended June 30, 2018

	Program			Support			Total	Total
	English	International	Total	Management and General	Resource Development	Total		
Expenses								
Compensation:								
Salaries	\$ 62,975	\$ 273,825	\$ 336,800	\$ 30,018	\$ 196,112	\$ 226,130	\$ 562,930	
Payroll taxes	3,820	18,652	22,472	1,817	9,523	11,340	33,812	
Fringe benefits	11,212	5,274	16,486	5,309	31,314	36,623	53,109	
Total compensation	78,007	297,751	375,758	37,144	236,949	274,093	649,851	
Program:								
Media	22,294	1,264,608	1,286,902	-	-	-	1,286,902	
Production	26,675	127,080	153,755	-	-	-	153,755	
Printing	1,270	115,350	116,620	1,494	2,619	4,113	120,733	
Mailing	63,917	32,877	96,794	373	8,211	8,584	105,378	
Professional services	-	-	-	110,215	31,859	142,074	142,074	
Total program	114,156	1,539,915	1,654,071	112,082	42,689	154,771	1,808,842	
Operations:								
Occupancy	-	58,360	58,360	-	-	-	58,360	
Travel	4,362	48,651	53,013	208	58,249	58,457	111,470	
Miscellaneous (recovery)	7,261	17,528	24,789	18,769	5,830	24,599	49,388	
Interest	-	-	-	2,840	-	2,840	2,840	
Cost sharing - US	691,749	(691,928)	(179)	-	-	-	(179)	
Total operations	703,372	(567,389)	135,983	21,817	64,079	85,896	221,879	
Total expenses	\$ 895,535	\$ 1,270,277	\$ 2,165,812	\$ 171,043	\$ 343,717	\$ 514,760	\$ 2,680,572	

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

Back to God Ministries International Schedule of Functional Expenses

For the year ended June 30, 2017

	Program			Support			
	English	International	Total	Management and General	Resource Development	Total	Total
Expenses							
Compensation:							
Salaries	\$ 62,508	\$ 274,144	\$ 336,652	\$ 29,160	\$ 197,243	\$ 226,403	\$ 563,055
Payroll taxes	3,895	18,300	22,195	1,921	9,621	11,542	33,737
Fringe benefits	10,919	5,511	16,430	5,350	31,293	36,643	53,073
Total compensation	77,322	297,955	375,277	36,431	238,157	274,588	649,865
Program:							
Media	23,246	1,311,593	1,334,839	-	-	-	1,334,839
Production	2,711	132,799	135,510	-	-	-	135,510
Printing	-	118,697	118,697	1,999	1,780	3,779	122,476
Mailing	62,499	35,594	98,093	1,235	11,298	12,533	110,626
Professional services	-	-	-	101,051	29,257	130,308	130,308
Total program	88,456	1,598,683	1,687,139	104,285	42,335	146,620	1,833,759
Operations:							
Occupancy	-	59,097	59,097	-	-	-	59,097
Travel	10,394	49,760	60,154	2,824	58,384	61,208	121,362
Miscellaneous (recovery)	7,901	18,047	25,948	(3,939)	5,199	1,260	27,208
Interest	-	-	-	2,840	-	2,840	2,840
Cost sharing - US	503,095	(946,769)	(443,674)	-	-	-	(443,674)
Total operations	521,390	(819,865)	(298,475)	1,725	63,583	65,308	(233,167)
Total expenses	\$ 687,168	\$ 1,076,773	\$ 1,763,941	\$ 142,441	\$ 344,075	\$ 486,516	\$ 2,250,457

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

Back to God Ministries International Statement of Cash Flows

For the year ended June 30	2018	2017
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	\$ 171,962	\$ 86,212
Adjustments to reconcile excess of revenue over expenses to net cash provided by (used in) operating activities		
Unrealized foreign exchange gain on due from related party	(43)	(101,782)
Changes in non-cash working capital balances		
Accounts receivable	2,858	(7,492)
Due from (to) related party	340,166	3,966
Accounts payable and accrued liabilities	2,403	3,403
	<u>517,346</u>	<u>(15,693)</u>
Investing activity		
Change in Investment with Christian Stewardship Services	<u>13,826</u>	12,630
Net increase (decrease) in cash	531,172	(3,063)
Cash, beginning of year	<u>560,195</u>	<u>563,258</u>
Cash, end of year	<u>\$ 1,091,367</u>	<u>\$ 560,195</u>

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

Back to God Ministries International Notes to Financial Statements

June 30, 2018

1. Significant Accounting Policies

Nature of Organization

Back to God Ministries International (the "Organization") operates under the direction of the Synod of the Christian Reformed Church in North America. The Organization is incorporated under the Canada Not-for-Profit Corporations Act as a not-for-profit corporation without share capital and is a registered charity under the Income Tax Act. The purpose of the Organization is to proclaim God's Word using electronic media and to engage in appropriate follow-up with those who respond.

Basis of Accounting

The financial statements of the Organization have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

The Organization follows the Restricted Fund method of accounting. The Organization ensures, as part of its fiduciary responsibilities, all funds received with a restricted purpose are expensed for the purpose.

For financial reporting purposes, the accounts have been classified into the following funds:

- (i) Restricted Fund - the restricted fund is used to account for revenues and expenses relating to the Back to God Ministries International Stewardship Fund (Note 3) which have been restricted internally by the Organization's Board of Directors.
- (ii) Unrestricted Fund - the unrestricted fund is used to account for day-to-day operations of the Organization.

Revenue Recognition

Contributions are recorded as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. The value of contributed services has not been reflected in the financial statements as they would otherwise not have been purchased.

The Organization has not received any unconditional promises to give.

Program Service Expenses

For domestic programs, the expenses are recorded when incurred for program purposes.

For non-domestic programs, the expenses are recorded when the funds are disbursed to the field, which may be prior to when the funds are actually spent or the expense is incurred for program purposes.

Foreign Currency Translation

At the transaction date, each asset, liability, revenue and expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date and the resulting foreign exchange gains and losses are included in income in the current period. Foreign exchange gains/(losses) of \$(9,245) (2017 - \$12,517) are included in Management and general expenses. Unrealized foreign exchange gains of \$43 (2017 - \$101,782) are included within the cost sharing expenses.

Pensions

The Organization maintains a defined contribution plan for non-ordained employees. Contributions are recognized as an expense in the year to which they relate.

Back to God Ministries International Notes to Financial Statements

June 30, 2018

1. Significant Accounting Policies (Continued)

Disclosure of Allocated Expenses

The Organization engages in program and support services. The cost of each program or support service includes salaries, employee benefits, supplies and other expenses that are directly related to each program or support service. Salaries and employee benefits that relate to more than one program are allocated between departments. All allocations are based on an estimate of time in each function.

Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Financial Instruments

Financial instruments are recorded at fair value when acquired. All investments have been designated to be in the fair value category, with investment income reported in operations. All other financial instruments are subsequently reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

Income Taxes

No provision for income taxes is required as the Organization is exempt from income taxes under the Income Tax Act.

2. Related Party Balances and Transactions

The following table summarizes the amounts due from (to) related parties, which are organizations related through common control:

	2018	2017
Due from related parties		
Back to God Ministries International - U.S.	\$ 179	\$ 443,675
The Christian Reformed Church in North America - Canada Corporation	70,304	-
	\$ 70,483	\$ 443,675
Due to related party		
The Christian Reformed Church in North America - Canada Corporation	\$ -	\$ (33,069)

The amounts due from (to) related parties are non-interest-bearing, unsecured and have no fixed terms of repayment.

Back to God Ministries International Notes to Financial Statements

June 30, 2018

2. Related Party Balances and Transactions (Continued)

During the year, \$1,110,084 (2017 - \$790,469) of expenses were allocated to the Organization from Back to God Ministries International - U.S. and \$1,110,263 (2017 - \$1,234,143) of expenses were allocated by the Organization to Back to God Ministries International - U.S.

The Organization paid \$250,738 (2017 - \$243,703) to the Christian Reformed Church in North America - Canada Corporation for management and support services.

These transactions were made in the normal course of business and have been recorded in appropriate expense accounts at the exchange amounts.

3. Investment with Christian Stewardship Services

The Organization and Christian Stewardship Services have jointly established the Back to God Ministries International Stewardship Fund ("Fund"). The purpose of this Fund is to support the long-term and ongoing ministry of the Organization by spreading God's word and making disciples through media ministry. Designated gifts and bequests are placed into this Fund immediately when received and each year 10% of the balance in the account will be expended by the Organization, with the remainder invested and managed by Christian Stewardship Services on behalf of the Organization to increase the value of the gift. At June 30, 2018, designated gifts and bequests added to this Fund totalled \$Nil (2017 - \$Nil), while \$16,732 (2017 - \$16,773) was expended. Interest earned in this Fund totalled \$2,906 (2017 - \$4,143).

4. Demand Notes Payable

Demand notes payable are unsecured and bear interest from 0% to 7% per annum, payable semi-annually. Upon the death of the lender, the principal transfers to the Organization. The lender reserves the right to revoke part or all of the gift given to the Organization.

5. Commitment

The Board has authorized the use of agency funds on deposit with its banker and incorporated in the cash management system as collateral for borrowing of the Christian Reformed Church in North America. No amount has been drawn upon this credit facility as at June 30, 2018.

6. Pension Plans

Unordained employees of the Christian Reformed Church are covered by a group registered retirement savings plan, under which the Organization contributes a specified percentage of its employees' base salary. During the year ended June 30, 2018, the contributions to the plan approximated \$26,270 (2017 - \$25,816).

Back to God Ministries International Notes to Financial Statements

June 30, 2018

7. Financial Instrument Risks

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 Organization is exposed to credit risk resulting from the possibility that a counterparty to a financial instrument defaults on their financial obligations. The Organization's financial instruments that are exposed to concentrations of credit risk related primarily to its accounts receivable and due from related parties. This risk has not changed from the prior year.

Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization is exposed to currency risk on the amount due from Back to God Ministries International - U.S. as the amount is denominated in U.S. dollars. This risk has not changed from the prior year.

Market Risk

The Organization is exposed to fluctuations in equity markets on its investments. This risk has not changed from the prior year.

Liquidity Risk

Liquidity risk is the risk that the Organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from the Organization's accounts payable and accrued liabilities, and its demand notes payable. This risk has not changed from the prior year.