

EDUDEO MINISTRIES
FINANCIAL STATEMENTS

JUNE 30, 2021

INDEX

	Page
Independent Auditor's Report	
Balance Sheet	1
Statement of Changes in Fund Balances	2
Statement of Revenues and Expenses	3
Schedule of Expenses	4 - 5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 11

INDEPENDENT AUDITOR'S REPORT

To the Directors of
EduDeo Ministries

Qualified Opinion

We have audited the financial statements of EduDeo Ministries, which comprise the balance sheet as at June 30, 2021, and the statements of changes in fund balances, revenues and expenses and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other schedules and supplementary information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of EduDeo Ministries as at June 30, 2021 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended June 30, 2021 and 2020, current assets as at June 30, 2021 and 2020, and net assets as at July 1 and June 30 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended June 30, 2021 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

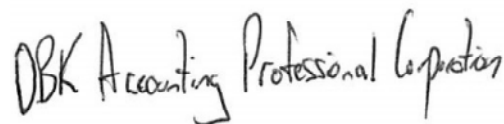
INDEPENDENT AUDITOR'S REPORT, continued

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ♦ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ♦ Obtain an understanding of internal control relevant to the audit 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.
- ♦ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ♦ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- ♦ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Hamilton, Ontario
October 1, 2021

DBK Accounting Professional Corporation
Authorized to practice public accounting by the
Chartered Professional Accountants of Ontario

EDUDEO MINISTRIES

BALANCE SHEET AS AT JUNE 30, 2021

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets		
Cash	\$ 605,008	\$ 553,439
Short-term investments (Note 3)	552,872	487,399
Accounts receivable	6,794	1,800
Prepaid expenses	16,992	17,709
GST/HST recoverable	5,350	4,231
Government remittances receivable	<u>-</u>	<u>6,342</u>
	1,187,016	1,070,920
Capital assets (Note 4)	<u>632,567</u>	<u>643,647</u>
	<u>\$ 1,819,583</u>	<u>\$ 1,714,567</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 8,299	\$ 16,898
Deferred revenue	<u>260,121</u>	<u>198,271</u>
	268,420	215,169
Deferred contributions (Note 5)	<u>443,226</u>	<u>455,600</u>
	<u>711,646</u>	<u>670,769</u>
FUND BALANCES		
General - unrestricted	918,596	855,751
Invested in capital assets	<u>189,341</u>	<u>188,047</u>
	<u>1,107,937</u>	<u>1,043,798</u>
	<u>\$ 1,819,583</u>	<u>\$ 1,714,567</u>

Approved on behalf of the Directors:

Director
See accompanying notes to the financial statements

Director
Page 1

EDUDEO MINISTRIES

STATEMENT OF CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2021

	<u>General - unrestricted</u>	<u>Invested in capital assets</u>	<u>Total 2021</u>	<u>Total 2020</u>
Balance, beginning of year	\$ 855,751	\$ 188,047	\$ 1,043,798	\$ 795,216
Excess (deficiency) of revenues over expenses	70,982	(6,843)	64,139	248,582
Capital asset additions	<u>(8,137)</u>	<u>8,137</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 918,596</u>	<u>\$ 189,341</u>	<u>\$ 1,107,937</u>	<u>\$ 1,043,798</u>

EDUDEO MINISTRIES

STATEMENT OF REVENUES AND EXPENSES FOR THE YEAR ENDED JUNE 30, 2021

	<u>2021</u>	<u>2020</u>
Revenues		
Donations	\$ 1,707,148	\$ 2,437,034
Grants from other charities	264,818	286,827
Rental income	38,700	39,900
Amortization of deferred contributions	12,374	12,374
Special events	11,779	72,002
Investment income and other	6,052	9,475
	<u>2,040,871</u>	<u>2,857,612</u>
Expenses		
Projects, Schedule 1	1,068,103	1,493,824
Program , Schedule 1	723,840	745,932
Administration, Schedule 1	133,900	161,989
Fundraising, Schedule 1	138,453	237,757
	<u>2,064,296</u>	<u>2,639,502</u>
Excess (deficiency) of revenues over expenses before other items	<u>(23,425)</u>	<u>218,110</u>
Other income		
Mortgage investment recovery	12,510	15,792
Government assistance (Note 6)	75,054	14,680
	<u>87,564</u>	<u>30,472</u>
Excess of revenues over expenses for the year	<u>\$ 64,139</u>	<u>\$ 248,582</u>

EDUDEO MINISTRIES

**SCHEDULE OF EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>2021</u>	<u>2020</u>
Projects		
Belize	\$ 101,851	\$ 84,516
Burkina Faso	81,924	45,589
Dominican Republic	221,318	344,242
Ethiopia	40,220	55,140
Ghana	-	8,633
Guatemala	14,403	13,393
Haiti	107,395	125,071
Nicaragua	296,735	449,794
Rwanda	12,895	1,703
Zambia	191,362	365,743
	<u>\$ 1,068,103</u>	<u>\$ 1,493,824</u>
Program		
Advertising and promotion	\$ 13,139	\$ 15,696
Amortization	8,710	11,839
Grants to other organizations	7,405	17,617
Insurance	3,023	2,831
Interest and bank charges	6,304	10,872
Materials and supplies	4,969	8,892
Memberships	11,605	1,488
Office and administration	3,876	4,231
Postage and courier	12,170	6,667
Professional fees	-	68
Property taxes	4,973	4,674
Repairs and maintenance	1,312	4,771
Salaries, benefits and subcontracting	613,222	583,763
Telephone and internet	30,293	45,277
Travel	372	24,495
Utilities	2,467	2,751
	<u>\$ 723,840</u>	<u>\$ 745,932</u>

EDUDEO MINISTRIES

SCHEDULE OF EXPENSES, continued
FOR THE YEAR ENDED JUNE 30, 2021

	<u>2021</u>	<u>2020</u>
Administration		
Amortization	\$ 10,508	\$ 11,840
Insurance	3,023	2,830
Interest and bank charges	3,152	5,436
Memberships	3,868	461
Office	3,873	831
Postage and courier	6,085	5,048
Professional fees	35,485	18,123
Property taxes	4,973	4,673
Repairs and maintenance	1,312	4,823
Salaries and benefits	44,749	87,681
Telephone and internet	12,242	3,016
Travel and meetings	2,163	14,476
Utilities	2,467	2,751
	<u>\$ 133,900</u>	<u>\$ 161,989</u>
Fundraising		
Advertising and promotion	\$ 17,851	\$ 18,695
Bank charges	3,152	5,436
Partner fees	-	12,752
Postage and courier	6,085	5,048
Professional fees	-	24,746
Salaries, benefits and subcontracting	96,956	116,877
Special event expenses	1,795	7,226
Telephone and internet	12,242	41,606
Travel	372	5,371
	<u>\$ 138,453</u>	<u>\$ 237,757</u>

EDUDEO MINISTRIES

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
Operating activities		
Excess of revenues over expenses	\$ 64,139	\$ 248,582
Adjustments for		
Amortization	19,218	23,679
Amortization of deferred contributions	(12,374)	(12,374)
	70,983	259,887
Net change in non-cash working capital items		
Short-term investments	(65,473)	(236,184)
Accounts receivable	(4,994)	(1,800)
Prepaid expenses	717	12,456
GST/HST recoverable	(1,119)	2,892
Government remittances receivable	6,342	(6,342)
Accounts payable and accrued liabilities	(8,600)	2,095
Deferred revenue	61,850	21,398
	59,706	54,402
Investing activity		
Purchase of capital assets	(8,137)	(3,269)
Increase in cash	51,569	51,133
Cash, beginning of year	553,439	502,306
Cash, end of year	\$ 605,008	\$ 553,439

EDUDEO MINISTRIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

1. Nature of operations

The organization was incorporated as a corporation without share capital by letters patent under the Ontario Corporations Act on June 14, 1994. The Ministry of Government Services approved a name change on April 19, 2011. The name changed from Worldwide Christian Schools (Ontario) to EduDeo Ministries.

The corporation is a non-profit organization and has been approved as a registered charity under the Income Tax Act and therefore is exempt from payment of income taxes.

EduDeo Ministries advances quality education rooted in a Biblical worldview, so that children in the majority world learn to live as Christ. Desiring to see partners grow in their capacity, the organization partners long-term with school associations and ministries to deliver quality, Christ-centred education by strengthening their learning, leaders, and organizations.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

(a) Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with maturities of three months or less from their date of acquisition, which are readily convertible into a known amount of cash, and are subject to an insignificant risk to changes in their fair value.

(b) Revenue recognition

The organization follows the deferral method of accounting for donations. Restricted donations are recognized as revenue in the year in which the related expenses are incurred. Unrestricted donations and grants are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Externally restricted donations and grants for the purchase of capital assets that will be amortized are recorded as deferred contributions and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets. Externally restricted donations and grants for the purchase of capital assets that will not be amortized are recognized as direct increases to the Investment in Capital Assets balance.

Fundraising and rental revenues are recognized as revenue in the year the corresponding services are provided or the year in which the event takes place.

Investment income is recorded as it is earned.

EDUDEO MINISTRIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

2. Significant accounting policies, continued

(c) Capital assets

Capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of the contribution. Amortization is provided on capital assets using the straight line method over the useful life of the assets at the following annual rates:

Building	2.5%
Furniture and equipment	20%
Computer equipment	30%

(d) Financial instruments

(i) Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value adjusted by, in the case of a financial instruments that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The organization subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess of revenues over expenses in the period incurred.

Financial assets measured at amortized cost on a straight line basis include cash, short-term investments and accounts receivable.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable and accrued liabilities.

(ii) Impairment

For financial assets measured at cost or amortized cost, the organization determines whether there are indications of possible impairment. When there is an indication of impairment, and the organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in excess of revenues over expenses. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenues over expenses.

(e) 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 balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from management's best estimates, as additional information becomes available in the future. The significant areas requiring management's judgement relate to the rates of amortization used for capital assets and deferred contributions.

EDUDEO MINISTRIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

2. Significant accounting policies, continued

(f) Volunteer Services

Because the hours of service by volunteers are not normally purchased by the organization and the difficulty in determining their fair market value, contributed services are not recognized in the financial statements.

(g) Foreign exchange

Monetary assets and liabilities of the organization which are denominated in foreign currencies are translated at year end exchange rates. Other assets and liabilities are translated at rates in effect at the date the assets were acquired and liabilities incurred. Revenues and expenses are translated at the rates of exchange in effect at their transaction dates. The resulting gains or losses are included in expenses.

(h) Allocated expenses

The major expenses have been allocated on the following basis:

Salaries, benefits and subcontracting based on the time spent by each employee and contract worker.

Building expenses based on floor area occupied by each function.

Administration expenses, including travel, office supplies, telephone, insurance, professional fees and postage based on usage or purpose.

3. Short-term investments

	2021	2020
Mutual funds - Scotia Innova Income Fund	\$ 387,579	\$ 317,034
Scotiabank cash and savings accelerator account, bearing interest at 2%	165,293	170,365
	\$ 552,872	\$ 487,399

4. Capital assets

	Cost	Accumulated amortization	2021 Net	2020 Net
Land	\$ 137,140	\$ -	\$ 137,140	\$ 137,140
Building	565,305	83,182	482,123	496,256
Furniture and equipment	40,941	40,504	437	3,320
Computer equipment	57,762	44,895	12,867	6,931
	\$ 801,148	\$ 168,581	\$ 632,567	\$ 643,647

EDUDEO MINISTRIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

5. Deferred contributions

Deferred contributions related to capital assets represent donated capital assets and restricted donations for capital assets. The changes in the deferred contributions balance for the year are as follows:

	<u>2021</u>	<u>2020</u>
Amounts amortized to revenue	\$ (12,374)	\$ (12,374)
Balance, beginning of year	<u>455,600</u>	<u>467,974</u>
Balance, end of year	<u>\$ 443,226</u>	<u>\$ 455,600</u>

6. Government assistance and grants

Government assistance was provided to the organization in the form of a Federal wage subsidy program, Canada Emergency Wage Subsidy. The organization received a total amount of \$75,054 in relation to the 2021 fiscal year (2020 - \$14,680).

7. Subsequent events

Subsequent to the year end, the global outbreak of COVID-19 continues, which has had a significant impact on businesses through the restrictions put in place by the Canadian and U.S. governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada, U.S. and other countries to fight the virus.

The organization continues to assess the impact COVID-19 will have on its activities. The extent of the effect of the COVID-19 pandemic on the organization is uncertain, however, thus far operations have not been significantly impacted.

8. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect the prior year's excess of revenues over expenses.

EDUDEO MINISTRIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

9. Financial instruments

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, foreign exchange or credit risks arising from their financial instruments.

(a) Foreign exchange risk

Management is aware that the organization is exposed to changes in the exchange rates as it pays for expenses and provides grants in various foreign currencies.

(b) Liquidity risk

Liquidity risk is the risk that the organization cannot repay its obligations when they become due to its creditors. The organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate cash reserve to repay trade creditors as they become due. In the opinion of management the liquidity risk exposure to the organization is low and is not material.