

EDUDEO MINISTRIES
FINANCIAL STATEMENTS

JUNE 30, 2023

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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, 2023, 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.

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, 2023 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, 2023 and 2022, current assets as at June 30, 2023 and 2022, and net assets as at July 1 and June 30 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended June 30, 2023 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.

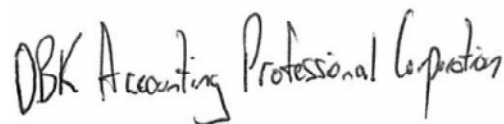
INDEPENDENT AUDITOR'S REPORT, continued

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 13, 2023

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

EDUDEO MINISTRIES

BALANCE SHEET AS AT JUNE 30, 2023

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets		
Cash	\$ 456,817	\$ 721,455
Short-term investments (Note 3)	607,953	415,538
Accounts receivable	4,000	7,194
Prepaid expenses	69,503	19,189
GST/HST recoverable	<u>23,019</u>	<u>10,993</u>
	1,161,292	1,174,369
Capital assets (Note 4)	<u>651,376</u>	<u>681,028</u>
	<u>\$ 1,812,668</u>	<u>\$ 1,855,397</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 50,831	\$ 19,621
Deferred revenue (Note 5)	<u>202,994</u>	<u>239,502</u>
	253,825	259,123
Deferred contributions (Note 6)	<u>417,823</u>	<u>430,524</u>
	<u>671,648</u>	<u>689,647</u>
FUND BALANCES		
General - unrestricted	907,467	915,247
Invested in capital assets	233,553	250,503
	<u>1,141,020</u>	<u>1,165,750</u>
	<u>\$ 1,812,668</u>	<u>\$ 1,855,397</u>

Approved on behalf of the Directors:

See accompanying notes to the financial statements

Director

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Director

EDUDEO MINISTRIES

STATEMENT OF CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2023

	<u>General - unrestricted</u>	<u>Invested in capital assets</u>	<u>Total 2023</u>	<u>Total 2022</u>
Balance, beginning of year	\$ 915,247	\$ 250,503	\$ 1,165,750	\$ 1,107,937
Excess (deficiency) of revenues over expenses	(3,257)	(21,473)	(24,730)	57,813
Capital asset additions	<u>(4,523)</u>	<u>4,523</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 907,467</u>	<u>\$ 233,553</u>	<u>\$ 1,141,020</u>	<u>\$ 1,165,750</u>

EDUDEO MINISTRIES

STATEMENT OF REVENUES AND EXPENSES FOR THE YEAR ENDED JUNE 30, 2023

	<u>2023</u>	<u>2022</u>
Revenues		
Donations	\$ 2,571,824	\$ 1,957,730
Grants from other charities	406,686	321,877
Special events	92,260	34,156
Rental income	39,575	39,600
Amortization of deferred contributions	12,702	12,702
Investment income and other	11,985	1,762
	<u>3,135,032</u>	<u>2,367,827</u>
General and administrative expenses		
Projects, Schedule 1	1,696,122	1,098,757
Program , Schedule 1	984,981	782,159
Administration, Schedule 1	241,037	180,033
Fundraising, Schedule 1	274,617	207,215
	<u>3,196,757</u>	<u>2,268,164</u>
Excess (deficiency) of revenues over expenses before other item	(61,725)	99,663
Other income (expense)		
Unrealized gains (losses) on short term investment	36,995	(41,850)
Excess (deficiency) of revenues over expenses for the year	<u>\$ (24,730)</u>	<u>\$ 57,813</u>

EDUDEO MINISTRIES

**SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>2023</u>	<u>2022</u>
Projects		
Belize	\$ 237,769	\$ 111,586
Burkina Faso	152,520	157,733
Dominican Republic	367,894	165,563
Ethiopia	95,702	134,382
Ghana	20,110	871
Guatemala	27,246	53,494
Haiti	62,101	88,792
Malawi	20,040	-
Nicaragua	275,141	121,723
Rwanda	25,793	12,895
Uganda	20,040	-
Zambia	<u>391,766</u>	<u>251,718</u>
	<u>\$ 1,696,122</u>	<u>\$ 1,098,757</u>
Program		
Advertising and promotion	\$ 34,206	\$ 18,248
Amortization	17,087	14,856
Grants to other organizations	31,583	8,150
Insurance	3,714	2,040
Interest and bank charges	10,214	5,493
Materials and supplies	17,294	2,768
Memberships	11,985	19,097
Office and administration	10,770	15,623
Postage and courier	2,701	7,156
Property taxes	6,186	3,728
Rent	4,070	-
Repairs and maintenance	-	1,606
Salaries, benefits and subcontracting	768,765	593,364
Technology & communications	11,892	29,322
Travel	38,421	50,028
Utilities	4,136	2,870
Walking together	<u>11,957</u>	<u>7,810</u>
	<u>\$ 984,981</u>	<u>\$ 782,159</u>

EDUDEO MINISTRIES

**SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES, continued
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>2023</u>	<u>2022</u>
Administration		
Amortization	\$ 17,087	\$ 11,366
Insurance	3,714	2,040
Interest and bank charges	5,107	2,753
Memberships	8,565	697
Office	7,772	5,124
Postage and courier	1,350	3,715
Professional fees	12,616	19,182
Property taxes	6,186	3,728
Repairs and maintenance	12,675	1,606
Salaries and benefits	114,276	79,344
Telephone and internet	23,188	14,661
Travel and meetings	24,512	32,947
Utilities	<u>3,989</u>	<u>2,870</u>
	<u>\$ 241,037</u>	<u>\$ 180,033</u>
Fundraising		
Advertising and promotion	\$ 48,395	\$ 26,802
Bank charges	5,107	2,753
Postage and courier	1,350	3,715
Salaries, benefits and subcontracting	192,928	141,389
Special event expenses	13,729	4,470
Telephone and internet	5,946	14,661
Travel	<u>7,162</u>	<u>13,425</u>
	<u>\$ 274,617</u>	<u>\$ 207,215</u>

EDUDEO MINISTRIES

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
Operating activities		
Excess (deficiency) of revenues over expenses	\$ (24,730)	\$ 57,813
Adjustments for		
Amortization	34,174	26,222
Amortization of deferred contributions	(12,702)	(12,702)
	(3,258)	71,333
Net change in non-cash working capital items		
Short-term investments	(192,415)	137,334
Accounts receivable	3,194	(400)
Prepaid expenses	(50,314)	(2,197)
GST/HST recoverable	(12,026)	(5,643)
Accounts payable and accrued liabilities	31,212	11,321
Deferred revenue	(36,508)	(20,619)
	(260,115)	191,129
Investing activity		
Purchase of capital assets	(4,523)	(74,682)
Increase (decrease) in cash	(264,638)	116,447
Cash, beginning of year	721,455	605,008
Cash, end of year	\$ 456,817	\$ 721,455

EDUDEO MINISTRIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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, 2023

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%
Digital assets	20%

(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 (deficiency) 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 (deficiency) 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 (deficiency) of revenues over expenses.

(e) Investments

All investments are classified as held-for-trading. These investments are measured at fair value with gains and losses recognized in revenue in the statement of revenues and expenses. Any unrealized holding gains and losses related to held-for-trading investments are included in investment income. The quoted market price was used to record the fair value of the financial instruments held as investments.

EDUDEO MINISTRIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

2. Significant accounting policies, continued

(f) 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.

(g) 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.

(h) Foreign exchange

The organization uses the temporal method to translate its foreign currency transactions.

Monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date. Other assets and liabilities are translated at the rate in effect on the transaction date. Balances for the current year appearing in the income statement, except for the cost of inventories and depreciation translated at historic rates, are translated at average year rates. Exchange gains and losses are included in the income statement.

(i) 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

	<u>2023</u>	<u>2022</u>
Mutual funds - Scotia Innova Income Fund	\$ 459,247	\$ 363,760
Scotiabank cash and savings accelerator account, bearing interest at 2%	<u>148,706</u>	<u>51,778</u>
	<u>\$ 607,953</u>	<u>\$ 415,538</u>

EDUDEO MINISTRIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

4. Capital assets

	Cost	Accumulated amortization	2023 Net	2022 Net
Land	\$ 137,140	\$ -	\$ 137,140	\$ 137,140
Building	570,189	111,630	458,559	472,813
Furniture and equipment	40,941	40,941	-	146
Computer equipment	62,285	55,467	6,818	8,110
Digital assets	69,799	20,940	48,859	62,819
	\$ 880,354	\$ 228,978	\$ 651,376	\$ 681,028

5. Deferred revenue

Details of deferred revenue balances are as follows:

	2023	2022
Co-impact (formerly known as HANDS) donations - project support	\$ 175,144	\$ 194,898
Walking together	25,000	25,000
Partner support: Zambia: flex	-	16,754
Rent Deposit	2,850	2,850
	\$ 202,994	\$ 239,502

6. 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:

	2023	2022
Balance, beginning of year	\$ 430,524	\$ 443,226
Amounts amortized to revenue	(12,701)	(12,702)
Balance, end of year	\$ 417,823	\$ 430,524

7. 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, 2023

8. Financial instruments

(a) Liquidity risk

Liquidity risk is the 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 it not material.

(b) 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.