



Financial Statements

The Bible League of Canada

August 31, 2019

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Independent Auditor's Report

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To the Members of
[The Bible League of Canada](#)

Opinion

We have audited the financial statements of The Bible League of Canada, (the "Organization") which comprise the statement of financial position as at August 31, 2019, and the statements of revenue and expenditures and fund balances, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at August 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Basis for opinion

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 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 ASNPO, 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.

Grant Thornton LLP

St. Catharines, Canada
November 15, 2019

Chartered Professional Accountants
Licensed Public Accountants

The Bible League of Canada

Statements of Revenue and Expenditures and Fund Balances

Year ended August 31	2019	2018
Revenue		
BFM Thrift Stores contributions	\$ 9,990,118	\$ 10,222,406
Contributions	5,206,280	5,297,541
Publication sales	269,967	239,457
Interest and other revenue	<u>37,248</u>	<u>28,806</u>
	<u>15,503,613</u>	<u>15,788,210</u>
Expenditures		
International Ministry* (Schedule)	12,806,223	13,267,584
Fundraising	1,493,373	1,319,141
Administration	<u>1,163,505</u>	<u>1,103,950</u>
	<u>15,463,101</u>	<u>15,690,675</u>
Excess of revenue over expenditures	<u>\$ 40,512</u>	<u>\$ 97,535</u>
<hr/>		
Fund balances, beginning of year	\$ 2,381,820	\$ 2,284,285
Excess of revenue over expenditures	<u>40,512</u>	<u>97,535</u>
Fund balances, end of year	<u>\$ 2,422,332</u>	<u>\$ 2,381,820</u>

* 43 nations, including Canada

The Bible League of Canada

Statement of Financial Position

August 31

2019

2018

Assets

Current

Cash	\$ 25,844	\$ 22,247
Accounts receivable	933,596	390,934
Harmonized sales tax receivable	24,948	28,115
Inventories	82,498	74,106
Prepaid expenses	11,246	67,421
	<u>1,078,132</u>	<u>582,823</u>
BFM receivable (Note 3)	400,000	400,000
Property and equipment and intangible assets (Note 4)	<u>1,569,539</u>	<u>1,620,110</u>
	<u>1,969,539</u>	<u>2,020,110</u>
	<u>\$ 3,047,671</u>	<u>\$ 2,602,933</u>

Liabilities

Current

Accounts payable and accrued liabilities	\$ 621,633	\$ 210,056
Deferred revenue	3,706	11,057
	<u>625,339</u>	<u>221,113</u>

Fund balances

Unrestricted	852,793	761,710
Invested in property and equipment and intangible assets	<u>1,569,539</u>	<u>1,620,110</u>
	<u>2,422,332</u>	<u>2,381,820</u>
	<u>\$ 3,047,671</u>	<u>\$ 2,602,933</u>

Commitments (Note 5)

On behalf of the Board of Directors


 _____ Director


 _____ Director

The Bible League of Canada

Statement of Cash Flows

Year ended August 31

2019

2018

Increase (decrease) in cash

Operating

Excess of revenue over expenditures	\$	40,512	\$	97,535
Item not affecting cash				
Amortization of property and equipment and intangible assets		<u>93,640</u>		<u>125,867</u>
		134,152		223,402
Change in non-cash working capital items				
Accounts receivable	(542,662)		(332,747)	
Harmonized sales tax receivable	3,167		27,997	
Inventories	(8,392)		(10,188)	
Prepaid expenses	56,175		(57,481)	
Accounts payable and accrued liabilities	411,577		146,551	
Deferred revenue	(7,351)		1,532	
		<u>46,666</u>		<u>(934)</u>

Investing

Purchase of property and equipment and intangible assets		<u>(43,069)</u>		<u>(91,000)</u>
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Increase (decrease) in cash

3,597

(91,934)

Cash

Beginning of year		<u>22,247</u>		<u>114,181</u>
End of year	\$	<u>25,844</u>	\$	<u>22,247</u>

The Bible League of Canada

Notes to the Financial Statements

August 31, 2019

1. Nature of operations

The purpose of The Bible League of Canada (the "Organization") is to provide Scriptures and training worldwide so that people prepared by the Holy Spirit will be brought into fellowship with Christ and His Church. It was founded in 1948 and was incorporated without share capital by letters patent under the Canada Corporations Act in 1971. The corporation transitioned to the Canada Not-for-Profit Corporations Act in 2014.

The Organization is a registered charity within the meaning of the Income Tax Act (Canada) and, as such, is exempt from income taxes.

2. Summary of significant accounting policies

The financial statements are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

The significant accounting policies used are as follows:

Revenue recognition

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

Gifts-in-kind are valued at fair value at the date of contribution and included as revenue and assets of the Organization. When distributed, gifts-in-kind are expensed.

Revenue from the sale of publications is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the price is fixed or determinable, and collection is reasonably assured.

Contributed services

The work of the Organization is supplemented by the voluntary service of many people. Since these services are not normally purchased by the Organization and because of the difficulty in determining their fair market value, contributed services are not recognized in these financial statements.

Financial instruments

The Organization considers any contract creating a financial asset, liability or equity instrument as a financial instrument. The Organization's financial instruments are comprised of cash, accounts receivable, harmonized sales tax receivable, BFM receivable and accounts payable.

The Organization initially measures its financial assets and liabilities at fair value. The Organization subsequently measures all of its financial assets and financial liabilities at amortized cost.

The Bible League of Canada

Notes to the Financial Statements

August 31, 2019

2. Summary of significant accounting policies (continued)

Inventories

Inventories consist of books and publications held for resale. Inventories are valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method.

Inventories are written down to net realizable value when the cost of inventories is not estimated to be recoverable. The amount of any write-downs of inventories are recognized as an expense in the period the write-downs or losses occurs.

Property and equipment and intangible assets

Property and equipment are recorded at cost less accumulated amortization. Property and equipment are amortized at the following annual rates over their estimated useful lives:

Building	40 years straight-line
Computer equipment	5 years straight-line
Furniture and equipment	5 years straight-line
Computer software	10 years straight-line
Website	3 years straight-line
Computer database	10 years straight-line

The estimated useful lives and impairment of assets are reviewed by management and adjusted when necessary.

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revision or any possibility of impairment. Certain items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to the excess or deficiency of revenue over expenditures as appropriate in the year they become known.

Allocation of expenses

The Organization engages in international ministry, as well as fundraising activities. Governance and general management expenses are not allocated. Salaries and benefits are allocated based on the hours incurred in undertaking each function (Note 6).

Foreign currency translation

The Organization translates all of its foreign currency transactions using the temporal method. Monetary assets and liabilities are translated at the exchange rate in effect at the statement of financial position date. Other assets and liabilities are translated at the exchange rate in effect at the transaction date. Items appearing in the current year's statement of revenue and expenditures are translated at the exchange rate prevailing at the date on which the transaction took place. Exchange gains and losses are included in the statement of revenue and expenditures.

The Bible League of Canada

Notes to the Financial Statements

August 31, 2019

3. BFM Foundation (Canada)

The Organization is in joint ministry with BFM Foundation (Canada). All net revenue generated by each of the member BFM Thrift Stores is to be for the beneficial interest of the Organization per BFM Foundation (Canada)'s charter. In the event that BFM Foundation (Canada) is dissolved, the residual assets are required to be given to the Organization.

The receivable from BFM Foundation (Canada) is non-interest bearing and is due after August 31, 2020.

At August 31, 2019 the current accounts receivable balance included \$865,617 (2018 - \$349,224) receivable from BFM Foundation (Canada). This amount represents contributions from BFM Foundation (Canada) which were received in September 2019. These proceeds were used to fund \$349,187 of payments to international ministry partners which are included in the accounts payable and accrued liabilities balance as at year end.

4. Property and equipment and intangible assets

	Cost	Accumulated Amortization	2019 Net Book Value	2018 Net Book Value
<i>Property and equipment</i>				
Land	\$ 600,000	\$ -	\$ 600,000	\$ 600,000
Buildings	923,149	121,700	801,449	824,529
Computer equipment	119,061	119,061	-	9,753
Furniture and equipment	119,585	84,050	35,535	8,622
	<u>1,761,795</u>	<u>324,811</u>	<u>1,436,984</u>	<u>1,442,904</u>
<i>Intangible assets</i>				
Computer software	292,078	254,109	37,969	67,176
Website	108,750	108,750	-	19,030
Computer database	94,586	-	94,586	91,000
	<u>\$ 2,257,209</u>	<u>\$ 687,670</u>	<u>\$ 1,569,539</u>	<u>\$ 1,620,110</u>

Amortization of \$74,610 (2018 - \$89,979) is included in administration, \$7,612 (2018 - \$14,355) is included in Canadian Ministry, and \$11,418 (2018 - \$21,533) is included in fundraising.

Included in the cost of computer database is \$94,586 (2018 - \$91,000) of assets not being amortized because the asset is not in use.

The Bible League of Canada

Notes to the Financial Statements

August 31, 2019

5. Commitments

The Organization has the following annual commitments for the next five fiscal years with respect to equipment:

2020	\$	83,820
2021		8,240
2022		3,740
2023		3,740
2024		2,810

6. Salaries and benefits

Salaries and benefits have been allocated as follows:

	<u>2019</u>	<u>2018</u>
International Ministry*	\$ 1,273,005	\$ 1,197,261
Administration	733,006	667,700
Fundraising	<u>606,295</u>	<u>507,857</u>
	<u>\$ 2,612,306</u>	<u>\$ 2,372,818</u>

*43 nations, including Canada

The Bible League of Canada

Notes to the Financial Statements

August 31, 2019

7. Serve Asia

The Organization controls Serve Asia, an Ontario unincorporated joint venture with Reach A Village, by virtue of voting control over the entity's strategic policies. The entity was established to carry on the ministry activities pursuant to a joint ministry agreement.

Serve Asia has not been consolidated in the Organization's financial statements. A financial summary of the entity as at August 31, 2019 is as follows:

Statement of financial position

	<u>2019</u>	<u>2018</u>
Total assets	\$ 196,928	\$ 215,376
Total liabilities	<u>-</u>	<u>-</u>
Net assets	<u>\$ 196,928</u>	<u>\$ 215,376</u>

Statement of revenue and expenses

	<u>2019</u>	<u>2018</u>
Total revenue	\$ 1,158,029	\$ 859,715
Total expenses	<u>(1,176,477)</u>	<u>(644,339)</u>
Excess (deficiency) of revenue over expenses	<u>\$ (18,448)</u>	<u>\$ 215,376</u>

Statement of cash flows

	<u>2019</u>	<u>2018</u>
Excess (deficiency) of revenue over expenses	\$ (18,448)	\$ 215,376
Cash, beginning of year	<u>215,376</u>	<u>-</u>
Cash, end of year	<u>\$ 196,928</u>	<u>\$ 215,376</u>

The Bible League of Canada

Notes to the Financial Statements

August 31, 2019

8. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of the financial statements in assessing the extent of risk related to financial instruments. It is management's opinion that the Organization is not exposed to significant risk arising from its financial instruments. There have been no changes in the nature of risks from prior year.

Credit risk

Credit risk is the risk of financial loss occurring as a result of a counter party to a financial instrument failing to discharge an obligation or commitment that it has entered into with the Organization. The Organization's main credit risks relate to its accounts receivable and BFM receivable.

The Organization provides for its exposure to credit risk by creating an allowance for doubtful accounts when appropriate. As at August 31, 2019, allowance for doubtful accounts is \$2,500 (2018 - \$2,500).

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting the obligations associated with its financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable.

The Organization manages its liquidity risk by maintaining adequate cash levels to meet its liquidity requirements at any point in time.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization is exposed to changes in the exchange rate as it receives contributions, pays for expenditures, and provides grants in various foreign currencies.

9. Credit facilities

The Organization has negotiated a credit facility consisting of a revolving line of credit in the amount of \$500,000. This facility bears interest at prime plus 1.50% and is secured by a general security agreement. The balance outstanding on this facility on August 31, 2019 was \$Nil (2018 - \$Nil).

10. Comparative figures

Certain of the comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

The Bible League of Canada

Schedule to the Financial Statements

Year ended August 31

Schedule of International Ministry

	2019	2018
India	\$ 3,000,000	\$ 3,036,441
Canada	2,377,739	2,178,115
Latin America	1,611,614	1,685,533
Africa	1,518,572	1,995,374
Multi-region	1,280,983	1,146,240
Eurasia	1,169,397	1,150,272
South East Asia	1,036,168	999,087
Persecuted Church	811,750	1,076,522
	<u>\$ 12,806,223</u>	<u>\$ 13,267,584</u>
