

# **FOI GOSPEL MINISTRY INC.**

## **Financial Statements**

**December 31, 2018**

**FOI GOSPEL MINISTRY INC.**  
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December 31, 2018

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## **Independent Auditor's Report**

To the board of **FOI Gospel Ministry Inc.**

### ***Opinion***

I have audited the accompanying financial statements of FOI Gospel Ministry Inc., which comprise the statement of financial position as at December 31, 2018, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of FOI Gospel Ministry Inc. as at December 31, 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.

### ***Basis for Opinion***

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of FOI Gospel Ministry Inc. in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 FOI Gospel Ministry Inc.'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 FOI Gospel Ministry Inc. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing FOI Gospel Ministry Inc.'s financial reporting process.

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***Auditor's Responsibilities for the Audit of the Financial Statements***

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 FOI Gospel Ministry Inc.'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 FOI Gospel Ministry Inc.'s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause FOI Gospel Ministry Inc. 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.

I 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 I identify during my audit.

Oakville, Ontario  
June XX, 2019

**CMR Wong Chartered Accountant  
Chartered Professional Accountant  
Licensed Public Accountant**

# FOI Gospel Ministry Inc.

## Statement of Financial Position

As at December 31, 2018

<b>Assets</b>	<b>2018</b>	<b>2017</b>
<b>Current assets</b>		
Cash and cash equivalents	\$ 276,705	\$ 254,288
Due from tax authority	24,851	22,263
Inventory (Note 4)	42,412	43,163
Prepayments	5,040	20,537
Investments (Note 6)	1,918,860	2,496,366
	<u>2,267,868</u>	<u>2,836,617</u>
<b>Property, plant and equipment (note 4)</b>	<b>17,182</b>	<b>16,104</b>
	<u>\$ 2,285,050</u>	<u>\$ 2,852,721</u>
<hr/> <b>Liabilities and Donated Funds</b> <hr/>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 193,732	\$ 185,949
Deferred revenue	55,916	14,099
	<u>249,648</u>	<u>200,048</u>
Net assets	<b>2,035,402</b>	2,652,673
	<u>\$ 2,285,050</u>	<u>\$ 2,852,721</u>

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

Approved on behalf of the Board of Directors

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

**FOI Gospel Ministry Inc.**  
**Statement of Operations**  
For the year ended December 31, 2018

	2018	2017
<b>SUPPORT AND REVENUE:</b>		
Support:		
General ministry contributions	\$ 595,569	\$ 608,999
Field ministry contributions	232,226	226,923
Legacies	7,784	100,978
Gifts-In-Kind	19,380	-
Total support	<u>854,959</u>	<u>936,900</u>
Revenue:		
Ministry, publications, audio and video	117,011	131,419
Conference and special functions	64,372	75,526
Interest and dividends	54,630	59,674
Other revenue	230	1,078
Total revenue	<u>236,243</u>	<u>267,697</u>
<b>Total support and revenue</b>	<u><b>1,091,202</b></u>	<u><b>1,204,597</b></u>
<b>EXPENSES</b>		
Program services:		
Outreach ministries	480,909	558,108
Field ministries	548,166	474,629
Conferences and special functions	113,398	107,747
Total program services	<u>1,142,473</u>	<u>1,140,484</u>
Supporting activities:		
Management and general	430,494	342,597
Stewardship and fundraising	59,284	1,001
Total supporting services	<u>489,778</u>	<u>343,598</u>
<b>Total expenses</b>	<u><b>1,632,251</b></u>	<u><b>1,484,082</b></u>
<b>Change in Net Assets</b>	<u><b>\$ (541,049)</b></u>	<u><b>\$ (279,485)</b></u>

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

**FOI Gospel Ministry Inc.**  
**Statement of Changes in Net Assets**  
For the year ended December 31, 2018

	<b>2018</b>	<b>2017</b>
<b>Net assets, beginning of year</b>	\$ <b>2,652,673</b>	\$ 2,801,012
Change in net assets	<b>(541,049)</b>	(279,485)
Realized and unrealized gain/(loss) on investments	<b>(76,222)</b>	131,146
<b>Net assets, end of year</b>	<u><u>\$ <b>2,035,402</b></u></u>	<u><u>\$ 2,652,673</u></u>

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

**FOI Gospel Ministry Inc.**  
**Statement of Cash Flows**  
For the year ended December 31, 2018

	2018	2017
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ (541,049)	\$ (279,485)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Amortization	16,859	15,707
Realized and unrealized gain on investments	(76,222)	131,146
	<u>(600,412)</u>	<u>(132,632)</u>
Changes in non-cash working capital		
Accounts receivable	(2,588)	32,648
Inventory	751	(2,780)
Prepayments	15,497	(15,551)
Due from tax authority	-	(7,998)
Accounts payable and accrued liabilities	7,783	(11,710)
Deferred revenue	41,817	14,099
<b>Cash inflows (outflows) from operations</b>	<b>(537,152)</b>	<b>(123,924)</b>
<b>Investing activities</b>		
Decrease (increase) in investments	577,506	151,540
Additions to property, plant and equipment	(17,937)	-
	<u>559,569</u>	<u>151,540</u>
<b>Increase in cash and cash equivalents</b>	<b>22,417</b>	<b>27,616</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>254,288</b>	<b>226,672</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ <u>276,705</u></b>	<b>\$ <u>254,288</u></b>
<b>Cash and cash equivalents at end of year is represented by:</b>		
Cash and cash equivalents	<b>\$ <u>276,705</u></b>	<b>\$ <u>254,288</u></b>

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



# FOI Gospel Ministry Inc.

## Notes to Financial Statements

Year ended December 31, 2018

### 1. Purposes and Operations of the Organization

FOI Gospel Ministry Inc. ("Ministry") is incorporated under Part II of the Canada Corporations Act as a corporation without share capital on June 15, 1998 and commenced operations on October 1, 1999. The objectives of the ministry include, communicating biblical truth about Israel and the Messiah, while fostering solidarity with Jewish people throughout Canada by providing religious educational activities or instructions, publishing religious materials including books, magazines, pamphlets, audio and video cassettes, and radio broadcasting and by providing counselling activities. As a registered charitable organization under Section 149(1) of the Income Tax Act, the organization is exempt from income tax; therefore, no provision for income taxes is recorded in the financial statements.

### 2. Summary of Accounting Policies

#### a. Property, plant and equipment

All property, plant and equipment are capitalized at cost or, if donated, at fair value on the date of donation. Friends of Israel capitalizes assets with a cost basis (or fair value for donated assets) of \$2,500 or greater, and expenditures for repairs and maintenance are expensed when incurred. When items of property, equipment and software are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is reported as income. Amortization is provided on the basis and at the rates set out below.

Assets	Amortization basis	Rate
Computer equipment & software	Straight line	3 years
Office equipment and furniture	Straight line	5 years

#### b. Donations and contributions

Donations and contributions are included in revenue when received by the Ministry.

#### c. Donated services

Volunteer and other services are contributed in carrying out the services of the Ministry. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

#### d. Financial instruments

The Ministry classified its financial instruments into one of the following categories based on the purpose for which the asset was acquired or liability incurred. The Ministry's accounting policy for each category is as follow:

##### Assets held-for trading

Financial instruments classified as assets held-for-trading are reported at fair value at each statement of financial position date, and any change in fair value is recognized in net income (loss) in the period during which the change occurs. In these financial statements, cash and cash equivalents have been classified as held-for-trading.

# FOI Gospel Ministry Inc.

## Notes to Financial Statements

Year ended December 31, 2018

### 2. Summary of Accounting Policies (Cont'd)

#### d. Financial instruments

##### Available-for-use investments

Financial instruments classified as available-for-use are reported at fair value at each statement of financial position date, and any change in fair value is recognized in net assets in the period in which the change occurs. All transactions related to marketable securities (includes mutual funds) are recorded on a settlement date basis. In these financial statements, marketable securities have been classified as available-for-use.

The Ministry assesses at each statement of financial position date whether financial assets are permanently impaired. If there is objective evidence that an impairment loss exists, the amount of the loss is measured as the difference between the carrying amount of the asset and its fair value. The carrying amount of the asset is reduced and the amount of the loss is recognized as an expense.

#### e. Foreign currency translation

Investments denominated in foreign currencies are translated into Canadian dollars at the rate of exchange in effect on the date of the statement of financial position. Investment income from these securities is translated at the exchange rate in effect when realized.

#### f. Cash and cash equivalents

Cash and cash equivalents include the amounts held in bank deposits and current accounts maintained by the Ministry. Any amount included as cash and cash equivalents will have a maturity of 90 days or less from inception.

#### g. 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 statement of financial position date and the reported amounts of revenue and expenditures during the reporting periods. Specific items subject to estimation include amortization and potential impairment of property and equipment, potential impairment of the provision for uncollectable pledges, accrued liabilities and the allocation of administrative costs.

These estimates are subject to measurement uncertainty and the effects of changes in these estimates in future periods could be significant.

### 3. Investments

Investments are presented at fair values and are comprised of Canadian and foreign mutual funds purchased through the organization's financial institution. The market value of the temporary investments is \$1,918,860 (2017 - \$2,496,366).

# FOI Gospel Ministry Inc.

## Notes to Financial Statements

Year ended December 31, 2018

### 4. Property, plant and equipment

	Computer / Office equipments	Furniture and fixtures	Total
<b>Cost</b>			
At January 1, 2018	\$ 84,655	\$ 19,266	\$ 103,921
Addition during the year	17,937	-	17,937
Disposal during the year	-	-	-
At December 31, 2018	<u>102,592</u>	<u>19,266</u>	<u>121,858</u>
<b>Accumulated Amortization</b>			
At January 1, 2018	75,548	12,269	87,817
Charge for the year	12,215	4,644	16,859
Disposal during the year	-	-	-
At December 31, 2018	<u>87,763</u>	<u>16,913</u>	<u>104,676</u>
<b>Net Book Value</b>			
At January 1, 2018	<u>\$ 9,107</u>	<u>\$ 6,997</u>	<u>\$ 16,104</u>
At December 31, 2018	<u>\$ 14,829</u>	<u>\$ 2,353</u>	<u>\$ 17,182</u>

### 5. Related Party Transactions

During the year, the Ministry purchased religious material from and funded foreign missionary support through The Friends of Israel Gospel Ministry Inc., an affiliated charitable organization in the United States of America. Included in the religious material expense is \$61,514.97 (2017 - \$66,778.89) and foreign missionary support is \$207,537.73 (2017 - \$194,045.70) from this vendor. These transactions are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties), which approximates the arm's length equivalent value.

At the end of the year, the following balances were due to the above noted related party and are included in the following statement of financial position account:

	<u>2018</u>	<u>2017</u>
Accounts payable and accrued liabilities	<u>\$ 168,121</u>	<u>\$ 164,318</u>

### 6. Defined Contribution Pension Plan

The Ministry has a defined contribution pension plan providing pension and other retirement benefits to most of its employees. The defined contribution pension plan, which is a pension plan reported in salaries and benefits, consists of an employer contribution of 10% (2017 - 10%) based on the current year earnings. The amount contributed by the Ministry to the pension plan and included in the salary expense for the year is \$34,767 (2017 - \$31,977).

# FOI Gospel Ministry Inc.

## Notes to Financial Statements

Year ended December 31, 2018

### 7. Financial instruments and risk management

#### Fair values

The carrying values of cash, temporary investments, accounts receivable, and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity of these financial instruments.

#### 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 Ministry's main currency risk is related to its bank and accounts payable and accrued liabilities. The exchange gain or loss resulting from the operating translations denominated in foreign currency to US dollar is recognised in the income statement. As at December 31, 2018, the Ministry did not have any significant unhedged exposure to currency risk.

#### Interest rate risk

Interest rate risk is the risk of potential financial loss caused by fluctuations in fair value of future cash flows of a financial instruments due to changes in market interest rates. As the Ministry does not currently have any variable interest bearing debt, the Ministry is not exposed to interest rate risk.

#### Liquidity risk

Liquidity risk is the risk that the Ministry will not able to meet its obligation as they become due. As at December 31, 2018, the Board considers that the Ministry does not have significant exposure to liquidity risk.

### 8. Comparative Figures

Certain 2017 comparative figures have been reclassified in order to conform with the financial statements presentation adopted for 2018.

### 9. Approval of financial statements

The financial statements were approved by the board of directors and authorized for issue on June XX, 2019.