

**THE GIDEONS INTERNATIONAL IN CANADA**

**FINANCIAL STATEMENTS  
YEAR ENDED MAY 31, 2019**



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**MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING**  
**MAY 31, 2019**

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The accompanying financial statements and all other information contained in this annual report are the responsibility of the management of The Gideons International In Canada. The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations, and have been approved by the Board of Directors.

Preparation of financial information is an integral part of management's broader responsibilities for the ongoing operations of The Gideons International In Canada. Management maintains a system of internal accounting and administration controls which are designed to provide reasonable assurance that transactions are accurately recorded on a timely basis, are properly approved and result in reliable financial information. Such information also includes data based on management's best estimates and judgements. Management has determined that the enclosed financial statements are presented fairly and on a consistent basis with prior years, in all material respects.

The Audit Committee and the Board of Directors review and approve the annual financial statements. In addition, the Audit Committee meets with financial officers of The Gideons International In Canada and the external auditors, and reports to the Board of Directors thereon. The Audit Committee and the Board of Directors also review the annual report in its entirety.

The financial statements have been audited by the external auditors, Graham Mathew Professional Corporation, Chartered Professional Accountants authorized to practise public accounting by the Chartered Professional Accountants of Ontario, in accordance with Canadian generally accepted auditing standards. The external auditors have full and free access to management, the Audit Committee and the Board of Directors.

Garnet Wheaton  
Board Chair

Kevin Cawthra  
CFO

## INDEPENDENT AUDITORS' REPORT

To the Members of  
**The Gideons International In Canada**

### **Opinion**

We have audited the accompanying financial statements of **The Gideons International In Canada** (the Association), which comprise the statement of financial position as at May 31, 2019, and the statements of operations and fund balances and cash flows for the year then ended, 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 Association as at May 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.

### **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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association 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 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.

In preparing the financial statements, management is responsible for assessing the Association'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 the Board of Directors either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

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

### **Auditors' 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 auditors' 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.

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 Association'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 Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Association 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.

*Carolan Mathew Professional Corporation*

Cambridge, Ontario  
July 19, 2019

Chartered Professional Accountants, authorized to practise public  
accounting by the Chartered Professional Accountants of Ontario



**STATEMENT OF FINANCIAL POSITION**  
**MAY 31, 2019**

	2019	2018
	\$	\$
<b>ASSETS</b>		
Cash (note 4)	1,690,869	1,277,479
Accounts receivable	329,539	217,682
Inventory (note 3)	708,003	557,081
Prepaid expenses	81,101	103,913
<b>Current assets</b>	<b>2,809,512</b>	<b>2,156,155</b>
Investments (note 5)	11,498	8,502
Life insurance - cash surrender value	76,854	71,178
Capital assets (note 6)	416,759	463,069
<b>Non-current assets</b>	<b>505,111</b>	<b>542,749</b>
<b>Total assets</b>	<b>3,314,623</b>	<b>2,698,904</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (note 7)	402,753	621,249
Deferred revenue	693,462	446,164
	<b>1,096,215</b>	<b>1,067,413</b>
<b>FUND BALANCES</b>		
Unrestricted, Operating Fund	2,064,338	1,541,528
Internally Restricted Fund (note 4)	154,070	89,963
	<b>2,218,408</b>	<b>1,631,491</b>
<b>Total liabilities and fund balances</b>	<b>3,314,623</b>	<b>2,698,904</b>

**APPROVED BY THE BOARD:**

Garnet Wheaton, Board Chair

Andrew Hopper, Treasurer



**The Gideons**

INTERNATIONAL IN CANADA

**STATEMENT OF OPERATIONS AND FUND BALANCES  
YEAR ENDED MAY 31, 2019**

	2019	2018
	\$	\$
<b>Revenue (page 11)</b>		
Gideon donations	1,667,735	1,762,242
Non-member donations	4,933,958	4,711,452
Bequests and major gifts	4,032,207	3,490,155
Chapter fund donations	258,655	247,487
Other income	13,299	3,916
	<b>10,905,854</b>	<b>10,215,252</b>
<b>Expenses</b>		
Direct Scripture Costs	4,048,054	4,440,907
Membership	1,391,349	1,247,167
Ministry	1,028,048	933,158
Awareness	694,800	688,788
Charitable program personnel	1,579,211	1,372,071
Fundraising	1,166,610	1,154,876
Administration	410,865	367,703
	<b>10,318,937</b>	<b>10,204,670</b>
<b>Excess of revenue over expenses for year</b>	<b>586,917</b>	<b>10,582</b>
Fund balances, beginning of year	1,631,491	1,620,909
<b>Fund balances, end of year</b>	<b>2,218,408</b>	<b>1,631,491</b>

The explanatory financial notes form an integral part of these financial statements.



**The Gideons**

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**STATEMENT OF CASH FLOWS  
YEAR ENDED MAY 31, 2019**

	2019 \$	2018 \$
<b>Cash flows from operating activities:</b>		
Excess of revenue over expenses for year	586,917	10,582
Add amortization which does not involve an outlay of cash	108,617	120,872
Net change in non-cash working capital balances relating to operations:		
Accounts receivable	( 111,857)	7,589
Inventory	( 150,922)	( 256,614)
Prepaid expenses	22,812	94,177
Accounts payable and accrued liabilities	( 218,496)	156,905
Deferred revenue	247,298	75,758
	484,369	209,269
<b>Cash flows from investment activities:</b>		
Change in investments	( 2,996)	( 821)
Change in life insurance - cash surrender value	( 5,676)	( 6,409)
Net additions to capital assets	( 62,307)	( 70,717)
	( 70,979)	( 77,947)
<b>Net increase in cash</b>	<b>413,390</b>	<b>131,322</b>
Cash, beginning of year	1,277,479	1,146,157
<b>Cash, end of year</b>	<b>1,690,869</b>	<b>1,277,479</b>

The explanatory financial notes form an integral part of these financial statements.





**The Gideons**

INTERNATIONAL IN CANADA

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**EXPLANATORY FINANCIAL NOTES  
YEAR ENDED MAY 31, 2019**

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**1. Purpose and Organization**

The Gideons International In Canada is an association of Christian men and women, whose mission is to communicate the gospel of Jesus Christ, through personal evangelism and Scripture distribution, in Canada and worldwide, so that people may receive eternal life.

The Association was incorporated on June 19, 1936 under the laws of Canada as a charitable organization without share capital and as such is not taxable for income tax purposes and is eligible to issue official income tax receipts for charitable donations.

**2. Summary of Significant Accounting Policies**

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

**(a) Use of estimates**

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

**(b) Fund accounting**

To ensure observation of restrictions placed on the use of resources available to The Gideons International In Canada, the accounts are maintained in accordance with the principles of fund accounting. Unless otherwise noted, the resources are classified for accounting and reporting purposes as belonging to the **Operating fund**, which represents the portion of unrestricted, expendable funds that are available for distribution of Scriptures and support of Gideon ministry and operations. Within the operating fund, the Board has established an internally restricted reserve to provide for long-term and preventive maintenance and other capital requirements related to the Association's operations (note 4).

**(c) Revenue recognition and deferred revenue**

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

Other revenue and expenses are recorded on the accrual method whereby revenue is recorded as earned and expenses are recorded as incurred. Deferred revenue consists of funds received during the year which relate to activities to be incurred subsequent to year end.



**EXPLANATORY FINANCIAL NOTES**  
**YEAR ENDED MAY 31, 2019**

**2. Summary of Significant Accounting Policies (Continued)**

**(d) Contributed services and materials**

Donations of materials and services are not reflected in these financial statements because of the impracticality of the record keeping and valuation of them.

**(e) Inventory**

Inventory is valued at the lower of cost and net realizable value using the first-in, first-out method.

**(f) Capital assets**

Capital assets are stated at cost less accumulated amortization. Amortization is provided on a straight-line basis in order to write off these assets over their expected useful lives as follows:

Building	25 years
Computer system	3 - 5 years
Office furniture and equipment	5 - 7 years

**(g) Financial instruments**

Investments are shown on the statement of financial position at their fair values at the year-end date, with changes in fair value recognized in the statement of operations. All other financial assets and liabilities are recorded at amortized cost less any discovered impairment.

	<b>2019</b>	2018
	\$	\$
<b>3. Inventory</b>		
Scriptures	<b>695,461</b>	533,555
Supplies	<b>12,542</b>	23,526
	<b>708,003</b>	557,081

**4. Cash**

At May 31, 2019 the Association has allocated \$154,070 (\$89,963 in 2018) to be segregated as an Internally Restricted Fund intended to provide reserves for long-term and preventive maintenance and other capital requirements. These reserves are not available for use without approval of the Board of Directors. There are sufficient funds available within the Association to withdraw the full balance of the Internally Restricted Fund, should the Association elect to use these reserves.



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**EXPLANATORY FINANCIAL NOTES**  
**YEAR ENDED MAY 31, 2019**

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	2019	2018
	\$	\$
<b>5. Investments</b>		
<b>Operating Fund</b>		
Mutual funds	11,498	8,502
<hr/>		
<b>6. Capital Assets</b>		
<b>Cost</b>		
Land	22,715	22,715
Building	685,877	685,877
Computer system	321,718	329,630
Office furniture and equipment	224,926	204,340
	<hr/>	<hr/>
	1,255,236	1,242,562
<b>Accumulated amortization</b>		
Building	434,146	405,759
Computer system	243,952	232,812
Office furniture and equipment	160,379	140,922
	<hr/>	<hr/>
	838,477	779,493
<b>Net Book Value</b>	<hr/>	<hr/>
	416,759	463,069

**7. Accounts Payable and Accrued Liabilities**

There were no amounts payable with respect to government remittances as of the year end date.

**8. Sick Leave Benefit**

Each full-time employee is eligible to earn sick leave credits at the rate of one day per month to a maximum of 85 working days. The value of these accumulated days to the extent that they could be used by employees for personal illness amounts to approximately \$271,984 (\$322,904 in 2018). Unused sick leave credits are not paid to employees at the end of their employment and, accordingly, provision for a sick leave liability has not been made in these financial statements.

**9. Financial Instrument Risk Management**

The following sections detail the nature and extent of risks arising from financial instruments to which the Association is exposed at May 31, 2019.

**Credit risk**

Credit risk is the risk of financial loss if a debtor fails to make payments to the Association. The Association is not exposed to this risk since it has low-risk debt holdings in its investment portfolio and its accounts receivable are short-term in nature, thereby mitigating any material credit risk.



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**EXPLANATORY FINANCIAL NOTES**  
**YEAR ENDED MAY 31, 2019**

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**9. Financial Instrument Risk Management (Continued)**

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk and other price risk.

An investment policy is in place and its application is monitored by the Board of Directors and management. Diversification and risk tolerance techniques are utilized to minimize risk. The primary vehicle for the investment program is fixed income funds.

a) Currency risk

Currency risk relates to the Association operating in different currencies and converting non-Canadian earnings at different points in time at different foreign exchange levels when adverse changes in foreign currency exchange rates occur.

The Association's foreign exchange risk is related to foreign currency changes, which are monitored by management on an on-going basis and which are immaterial in dollar amount.

b) Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The Association is not exposed to any significant interest rate risk.

There have been no significant changes from the previous period in the exposure to risk, nor any significant changes to policies, procedures and methods used to measure the risk which management believes to be low.

c) Other price risk

Other price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Association is not exposed to any significant other price risk.

Management follows investment policies, procedures and processes for managing other price risk which it believes to be low.

**Liquidity Risk**

Liquidity risk is the risk that the Association will not be able to meet all cash outflow obligations as they come due. The Association mitigates this risk by monitoring cash activities and expected outflows. The Association's current liabilities arise as expenses are incurred. The Association does not have material liabilities that can be called at the demand of a lender nor does it have material commitments for capital expenditures.



**The Gideons**

INTERNATIONAL IN CANADA

**SCHEDULE OF REVENUE - OPERATING FUND  
YEAR ENDED MAY 31, 2019**

	2019 \$	2018 \$
<b>Gideon Revenue</b>		
General donations, including minimum annual contributions	1,180,061	1,248,646
Expressions gifts	142,695	158,095
Events	344,979	355,501
	<b>1,667,735</b>	1,762,242
<b>Non-Member Revenue</b>		
Expressions gifts	894,547	994,704
General donations, including direct mail	2,739,275	2,370,645
Events	740,453	755,814
Church giving	559,683	590,289
	<b>4,933,958</b>	4,711,452
<b>Bequests</b>	1,432,310	509,453
<b>Major gifts</b>	2,599,897	2,980,702
	<b>4,032,207</b>	3,490,155
<b>Chapter fund donations</b>	258,655	247,487
<b>Other income</b>	13,299	3,916
<b>Total Revenue</b>	<b>10,905,854</b>	10,215,252

**SCHEDULE OF SCRIPTURES DISTRIBUTED  
YEAR ENDED MAY 31, 2019**

The **number of Scriptures** shared during the year amounted to:

	2019	2018
Domestic	747,636	987,678
International	1,182,750	1,111,853
Bible Downloads	7,541	10,456
	<b>1,937,927</b>	2,109,987