

**THE GIDEONS INTERNATIONAL IN CANADA**

**FINANCIAL STATEMENTS  
YEAR ENDED MAY 31, 2018**



**The Gideons**  
INTERNATIONAL IN CANADA

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**MAY 31, 2018**  
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**The Gideons**  
INTERNATIONAL IN CANADA

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**MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING**  
**MAY 31, 2018**

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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

Peter Marshall  
President

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of **The Gideons International In Canada**, which comprise the statement of financial position as at May 31, 2018, and the statements of operations and fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **The Gideons International In Canada** as at May 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.



Cambridge, Ontario  
July 11, 2018

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



**The Gideons**  
INTERNATIONAL IN CANADA

**STATEMENT OF FINANCIAL POSITION  
MAY 31, 2018**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>		
Cash (note 4)	1,277,479	1,146,157
Accounts receivable	217,682	225,271
Inventory (note 3)	557,081	300,467
Prepaid expenses	103,913	198,090
<b>Current assets</b>	<b>2,156,155</b>	<b>1,869,985</b>
Investments (note 5)	8,502	7,681
Life insurance - cash surrender value	71,178	64,769
Capital assets (note 6)	463,069	513,221
	<b>2,698,904</b>	<b>2,455,656</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (note 7)	621,249	464,344
Deferred revenue	446,164	370,406
	<b>1,067,413</b>	<b>834,750</b>
<b>FUND BALANCES</b>		
Unrestricted, Operating Fund	1,541,528	1,530,943
Internally Restricted, Operating Fund (note 4)	89,963	89,963
	<b>1,631,491</b>	<b>1,620,906</b>
	<b>2,698,904</b>	<b>2,455,656</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, 2018**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue (page 11)</b>		
Gideon donations	1,762,242	1,861,858
Non-member donations	4,711,452	4,987,525
Bequests and major gifts	3,490,155	2,903,674
Chapter fund donations	247,487	301,818
Other income	3,916	38,147
	<b>10,215,252</b>	<b>10,093,022</b>
<b>Expenses</b>		
Direct Scripture Costs	4,440,907	4,170,044
Membership	1,247,167	1,334,225
Ministry	933,158	1,067,937
Awareness	688,788	620,663
Charitable program personnel	1,372,071	1,439,165
Fundraising	1,154,876	1,095,194
Administration	367,703	336,731
	<b>10,204,670</b>	<b>10,063,959</b>
<b>Excess of revenue over expenses for year</b>	<b>10,582</b>	<b>29,063</b>
Fund balances, beginning of year	1,620,909	1,591,846
<b>Fund balances, end of year</b>	<b>1,631,491</b>	<b>1,620,909</b>

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



**STATEMENT OF CASH FLOWS**  
**YEAR ENDED MAY 31, 2018**

	2018	2017
	\$	\$
<b>Cash flows from operating activities:</b>		
Excess of revenue over expenses for year	10,582	29,063
Add amortization which does not involve an outlay of cash	120,872	115,642
	131,454	144,705
Net change in non-cash working capital balances relating to operations:		
Accounts receivable	7,589	8,054
Inventory	( 256,614)	( 40,904)
Prepaid expenses	94,177	146,072
Accounts payable and accrued liabilities	156,905	2,935
Deferred revenue	75,758	( 760,600)
	209,269	( 499,738)
<b>Cash flows from investment activities:</b>		
Change in investments	( 821)	24,608
Change in life insurance - cash surrender value	( 6,409)	( 4,123)
Net additions to capital assets	( 70,717)	( 98,875)
	( 77,947)	( 78,390)
<b>Net increase (decrease) in cash</b>	131,322	( 578,128)
Cash, beginning of year	1,146,157	1,724,285
<b>Cash, end of year</b>	1,277,479	1,146,157



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**EXPLANATORY FINANCIAL NOTES**  
**YEAR ENDED MAY 31, 2018**

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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.





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**EXPLANATORY FINANCIAL NOTES**  
**YEAR ENDED MAY 31, 2018**

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**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>2018</b>	2017
	\$	\$
<b>3. Inventory</b>		
Scriptures	<b>533,555</b>	265,656
Supplies	<b>23,526</b>	34,811
	<b>557,081</b>	300,467

**4. Cash**

At May 31, 2018 the Association has allocated \$89,963 (\$89,963 in 2017) 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, 2018**

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	2018	2017
	\$	\$
<b>5. Investments</b>		
<b>Operating Fund</b>		
Mutual funds	8,502	7,681
<b>6. Capital Assets</b>		
<b>Cost</b>		
Land	22,715	22,715
Building	685,877	685,877
Computer system	329,630	264,807
Office furniture and equipment	204,340	198,446
	<b>1,242,562</b>	<b>1,171,845</b>
<b>Accumulated amortization</b>		
Building	405,759	377,372
Computer system	232,812	164,187
Office furniture and equipment	140,922	117,065
	<b>779,493</b>	<b>658,624</b>
<b>Net Book Value</b>	<b>463,069</b>	<b>513,221</b>
<b>7. Accounts Payable and Accrued Liabilities</b>		
Accounts payable and accrued liabilities	621,249	438,726
Government remittances payable	NIL	25,618
	<b>621,249</b>	<b>464,344</b>



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**EXPLANATORY FINANCIAL NOTES**  
**YEAR ENDED MAY 31, 2018**

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**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 \$322,904 (\$400,233 in 2017). 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, 2018.

**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.

**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.



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**EXPLANATORY FINANCIAL NOTES**  
**YEAR ENDED MAY 31, 2018**

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

**Market risk (continued)**

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, 2018**

	2018 \$	2017 \$
<b>Gideon Revenue</b>		
General donations, including minimum annual contributions	1,248,646	1,246,088
Expressions gifts	158,095	179,355
Events	355,501	436,415
	<b>1,762,242</b>	<b>1,861,858</b>
<b>Non-Member Revenue</b>		
Expressions gifts	994,704	1,013,570
General donations, including direct mail	2,370,645	2,423,118
Events	755,814	949,035
Church giving	590,289	601,802
	<b>4,711,452</b>	<b>4,987,525</b>
Bequests	509,453	613,832
Major gifts	2,980,702	2,289,842
	<b>3,490,155</b>	<b>2,903,674</b>
Chapter fund donations	247,487	301,818
Other income	3,916	38,147
<b>Total Revenue</b>	<b>10,215,252</b>	<b>10,093,022</b>

**SCHEDULE OF SCRIPTURES DISTRIBUTED  
YEAR ENDED MAY 31, 2018**

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

	2018	2017
Domestic	987,678	817,190
International	1,111,853	1,196,933
Bible Downloads	10,456	13,789
	<b>2,109,987</b>	<b>2,027,912</b>