

SPRINT - PIONEERS MINISTRIES INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SPRINT - PIONEERS MINISTRIES INC.

Report on the Financial Statements

We have audited the financial statements of Sprint - Pioneers Ministries Inc. which comprise the statement of financial position as at September 30, 2016 and the statements of changes in funds, operations 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.

Auditor's 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 the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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.

INDEPENDENT AUDITOR'S REPORT *(continued)*

Audit Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of Sprint - Pioneers Ministries Inc. as at September 30, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting standards for not - for - profit organizations.

A handwritten signature in blue ink that reads "MAC LLP". The letters are stylized and cursive.

Mississauga, Ontario
December 23, 2016

**CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS**

SPRINT - PIONEERS MINISTRIES INC.
STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30	2016	2015
ASSETS		
Current		
Cash and cash equivalents	\$ 254,602	\$ 240,079
Investments <i>note 4</i>	808,934	874,918
Sales tax receivable	28,054	20,673
Due from Pioneers affiliates <i>note 3</i>	65,760	117,954
Prepaid expenditures	29,013	25,849
	1,186,363	1,279,473
Capital <i>note 5</i>	861,318	862,053
	\$ 2,047,681	\$ 2,141,526
LIABILITIES		
Current		
Accounts payable	\$ 180,982	\$ 233,425
Deferred revenue <i>note 7</i>	166,529	246,628
	347,511	480,053
NET ASSETS		
Net assets invested in capital assets <i>page 5</i>	861,318	862,053
Unrestricted net assets		
General <i>page 5</i>	6,133	(2,083)
Internally restricted <i>page 5, 14</i>	832,719	801,503
	1,700,170	1,661,473
	\$ 2,047,681	\$ 2,141,526

Approved on behalf of the Board:

Greg Patus

Mr. G. Patus, Chair

Brian Cassidy

Mr. B. Cassidy, Treasurer

SPRINT - PIONEERS MINISTRIES INC.
STATEMENT OF CHANGES IN NET ASSETS

	General	Internally Restricted	Capital	Total
TRANSACTIONS FOR THE YEAR ENDED SEPTEMBER 30, 2016				
Balance, beginning of year	\$ (2,083)	\$ 801,503	\$ 862,053	\$ 1,661,473
Excess (shortfall) of revenue over expenditure for the year <i>(page 6)</i>	12,278	63,181	(36,762)	38,697
Capital asset additions	(4,062)	(31,965)	36,027	-
Balance, end of year	\$ 6,133	\$ 832,719	\$ 861,318	\$ 1,700,170

TRANSACTIONS FOR THE YEAR ENDED SEPTEMBER 30, 2015

Balance, beginning of year	\$ 54,282	\$ 511,125	\$ 898,279	\$ 1,463,686
Excess (shortfall) of revenue over expenditure for the year <i>(page 6)</i>	(40,465)	290,378	(37,527)	197,787
Capital asset additions	(1,301)	-	1,301	-
Balance, end of year	\$ (2,083)	\$ 801,503	\$ 862,053	\$ 1,661,473

SPRINT - PIONEERS MINISTRIES INC.
STATEMENT OF REVENUE AND EXPENDITURE

FOR THE YEAR ENDED SEPTEMBER 30

	2016			2015	
	General	Internally Restricted	Capital	Total	Total
Revenue					
Donations	\$ 193,373	\$ 4,760,030	\$ -	\$ 4,953,403	\$ 4,808,304
Grant	121,029	-	-	121,029	1,012,972
Rental income	12,000	-	-	12,000	12,000
Investment income (loss)	6,256	-	-	6,256	(6,114)
Unrealized investment gains (loss)	42,263	-	-	42,263	(14,599)
	<u>374,921</u>	<u>4,760,030</u>	<u>-</u>	<u>5,134,951</u>	<u>5,812,563</u>
Expenditure					
Amortization	-	-	36,762	36,762	37,527
Audit	10,000	-	-	10,000	9,896
Bad debt	4,070	-	-	4,070	1,757
Bank charges	5,939	-	-	5,939	-
Computer support and software	28,372	-	-	28,372	59,824
Grant	111,279	-	-	111,279	1,012,972
Hospitality	12,498	30,115	-	42,613	59,540
Insurance	13,254	-	-	13,254	11,253
International council fees	-	61,133	-	61,133	54,300
Legal	1,727	-	-	1,727	8,501
Marketing	19,785	-	-	19,785	9,096
Meeting and conferences	9,465	-	-	9,465	23,349
Minor equipment purchases and repairs	12,362	16,706	-	29,068	28,395
Missionary support					
Staff	52,310	2,555,293	-	2,607,603	2,487,331
Field projects	-	457,684	-	457,684	368,225
Professional development	27,343	138,691	-	166,034	123,378
Staff subsidies	256,122	-	-	256,122	189,885
Office and general ministry supplies	52,553	107,224	-	159,777	26,381
Pioneers Inc. (US)	-	574,540	-	574,540	536,600
Printing	7,007	-	-	7,007	9,049
Telephone, email and internet	8,942	37,183	-	46,125	53,043
Travel	69,375	356,698	-	426,073	482,510
Utilities and taxes	21,822	-	-	21,822	21,964
	<u>724,225</u>	<u>4,335,267</u>	<u>36,762</u>	<u>5,096,254</u>	<u>5,614,776</u>
Administration fees	<u>(361,582)</u>	<u>361,582</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>362,643</u>	<u>4,696,849</u>	<u>36,762</u>	<u>5,096,254</u>	<u>5,614,776</u>
Excess (shortfall) of revenue over expenditure for the year	<u>\$ 12,278</u>	<u>\$ 63,181</u>	<u>\$ (36,762)</u>	<u>\$ 38,697</u>	<u>\$ 197,787</u>

The accompanying notes are an integral part of these financial statements

SPRINT - PIONEERS MINISTRIES INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30	2016	2015
Cash provided (used) by		
Operating activities		
Excess (shortfall) of revenue over expenditure for the year		
General	\$ 12,278	\$ (55,064)
Internally restricted	63,181	290,378
Capital	<u>(36,762)</u>	<u>(37,527)</u>
	38,697	197,787
Items not involving cash -		
Amortization	36,762	37,527
Unrealized investment gains	<u>(42,263)</u>	<u>14,599</u>
	33,196	249,913
Changes in non-cash working capital balances		
Sales tax receivable	(7,381)	(688)
Prepaid expenditures	(3,164)	(22,825)
Due from Pioneers affiliates	52,194	9,335
Accounts payable	(52,443)	43,666
Deferred revenue	<u>(80,099)</u>	<u>246,628</u>
	<u>(57,697)</u>	<u>526,029</u>
Investing activities		
Purchase of capital assets	<u>(36,027)</u>	<u>(1,301)</u>
Increase (decrease) in cash and investments	(93,724)	524,728
Balance, beginning of year	1,094,680	569,952
Balance, end of year	<u>\$ 1,000,956</u>	<u>\$ 1,094,680</u>
Represented by		
Cash and cash equivalents	\$ 254,602	\$ 240,079
Investments - at cost	<u>746,354</u>	<u>854,601</u>
	<u>\$ 1,000,956</u>	<u>\$ 1,094,680</u>

The accompanying notes are an integral part of these financial statements

SPRINT - PIONEERS MINISTRIES INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

1. Nature of organization

Sprint - Pioneers Ministries Inc. is a registered charitable organization as defined under the Income Tax Act and is exempt from income taxes. The Organization is incorporated under the laws of Ontario.

The purpose of the Organization is to promote the word of God and aid in spreading the Gospel of Jesus Christ to the ends of the earth. The primary emphasis of this ministry is to mobilize teams to glorify God among unreached peoples by initiating church planting movements in partnership with local churches.

2. Significant accounting policies

The financial statements of the Organization have been prepared for the Members in accordance with Canadian accounting standards for not-for-profit organizations.

The following is a summary of the significant accounting policies adopted in the preparation of these financial statements.

Basis of accounting and revenue recognition

The Organization follows the accrual basis of accounting except for donations which are recorded when received.

Disclosure and use of estimates

The preparation of financial statements in accordance 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically and as adjustments become necessary, they are reported in earnings in the period in which they become known.

Significant items requiring estimates -

- allowance for bad debts
- capital asset useful life and amortization

SPRINT - PIONEERS MINISTRIES INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

2. Significant accounting policies

Fund Accounting

The Organization follows the principles of restricted fund accounting. These funds are held in accordance with the policies set by the Canadian Board. The following is a summary of the funds:

General Operating Fund

This includes the day to day operating activities of the Canadian administrative office involving the receipting of donations, payroll and the transferring of funds to the United States office for further allocation and disbursement. All investment income is recorded as revenue to this fund.

Internally Restricted and Capital Funds

Funds designated by the Canadian Board for specific purposes are set aside in the various funds and disbursed in accordance with Canadian Board guidelines.

Net assets invested in capital assets

Capital assets are recorded at cost and are amortized over their useful lives on a straight line basis. The building is amortized over 25 years, elevator over 20 years and office equipment over 5 years. Contributed assets are recorded at fair value at the date of the contribution.

Capital assets are tested for impairment if events or changes in circumstances indicate that the carrying amount exceeds the fair value. The impairment test consists of a comparison of the fair value of the unamortized assets with their carrying amount. When the carrying amount exceeds the fair value, an impairment loss is recognized in an amount equal to the excess.

Donations in kind

Volunteers contribute their time to assist the Organization in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

The Organization receives contributed materials, the fair value of which may or may not be reasonably determinable. Contributed materials are recognized as donations when fair value can be determined. If the fair value of a contributed capital asset cannot be determined, it is recorded at nominal value.

Cash and cash equivalents

Cash and cash equivalents include cash, and those short-term money market instruments that are readily convertible to cash with an original term of less than 90 days.

SPRINT - PIONEERS MINISTRIES INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

2. Significant accounting policies

Financial instruments - recognition and measurement

Financial assets and financial liabilities are initially recorded at fair value. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Financial assets are tested for impairment when change in circumstances indicate that the asset could be impaired. Changes in fair value are recognized in the statement of operations.

Risk disclosures

The main risks to which the Organization's financial instruments are exposed are as follows -

Credit risk

The Organization is exposed to credit risk. The Organization's receivables are mainly sales taxes receivable which are from the Government of Canada and due from Pioneers affiliates; accordingly, the risk of non-collectability is low.

Liquidity risk

The Organization is exposed to liquidity risk. Liquidity risk is the risk that the Organization is not able to meet its financial obligations as they fall due. Management has assessed liquidity risk as low given the makeup of its accounts payable and has provided sufficient funding to fulfill its obligations.

Market risk

The Organization is exposed to market risk. Market risk arises from the possibility that changes in market prices will affect the value of the financial instruments of the Organization. The Organization's investments are subject to market risk; accordingly, market risk is considered high. A fluctuation of 2% on the investments would have a \$16,000 effect.

Interest rate risk

The Organization is exposed to interest rate risk. The Organization has minor cash balances and fixed rate interest bearing debt. The Organization's current policy is to invest excess cash in a money market fund issued by its banking institutions; accordingly, there is exposure to interest rate fluctuations.

SPRINT - PIONEERS MINISTRIES INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

2. Significant accounting policies

Financial instruments - recognition and measurement *(continued)*

Sensitivity analysis

As at September 30	2016		2015	
	Carrying amount	%	Carrying amount	%
Cash	\$ 254,602	12%	\$ 240,079	11%
Investments	808,934	40%	874,918	41%
Sales taxes recoverable	28,054	1%	20,673	1%
Due from Pioneers affiliates	65,760	3%	117,954	6%
Prepaid expenditures	29,013	1%	25,849	1%
Capital	861,318	43%	862,053	40%
Total assets	\$ 2,047,681	100%	\$ 2,141,526	100%
Accounts payable	\$ 180,982	9%	\$ 233,425	11%
Deferred revenue	166,529	8%	246,628	12%
Net assets	1,700,170	83%	1,661,473	77%
Total funds and liabilities	\$ 2,047,681	100%	\$ 2,141,526	100%

Capital disclosure

The Organization is dependent on donations and investment returns to fund its charitable activities and the Board manages these activities and makes adjustments to them based on the funds available.

There were no changes in the Organization's approach to capital management during the current year.

The Organization has no externally imposed restrictions on its activities.

SPRINT - PIONEERS MINISTRIES INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

3. Related party transactions

As at September 30	2016	2015
	<i>Due from (to)</i>	<i>Due from (to)</i>
Due from Pioneers Inc.	\$ 88,991	\$ 101,066
International Council - administration fees payable	(3,830)	(3,876)
Due to Arab World Ministries	(7,683)	14,334
Due from Adam House	-	5,270
Due from Mena	815	1,518
Due from Xtend Global	6,066	1,955
Due to Pioneers Australia	(5,708)	(3,149)
Due to Pioneers Netherlands	6,058	618
Due to Pioneers Europe	1,218	-
Due to Pioneers Philippines	(603)	(1,357)
Due to Pioneers Ghana	(2,938)	(2,090)
Due to Pioneers United Kingdom	(16,485)	3,665
Due to Pioneers New Zealand	(92)	-
Due to Pioneers Singapore	(49)	-
	\$ 65,760	\$ 117,954

The Organization is a member of the worldwide Pioneers international organization and carries out activities with other members in accordance with Contracts and Joint Ministry Agreements.

These balances are primarily funds transfers for donations due to or from these affiliates and are non-interest bearing and due on demand.

4. Investments

As at September 30	2016		2015	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Mutual Funds				
Altamira high interest	\$ 201,719	\$ 201,719	\$ 293,319	\$ 293,319
5 year Global Fixed Income	98,141	102,205	94,734	97,129
Canadian Core Equity	56,361	63,382	55,549	52,853
US Core Equity	30,413	56,876	30,020	51,506
International Core Equity	35,344	47,145	34,655	44,135
Global Real Estate CL	14,367	23,173	14,052	20,361
DFA GLB A US \$	285,009	289,434	282,272	265,615
GIC - 0.85%, due November 2016	25,000	25,000	50,000	50,000
	\$ 746,354	\$ 808,934	\$ 854,601	\$ 874,918

All of the Organization's investments are included in Level 1 hierarchy whereby fair value is determined by reference to quoted prices in active markets for identical assets and liabilities.

SPRINT - PIONEERS MINISTRIES INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

5. Capital assets

As at September 30	2016		2015	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 160,000	\$ -	\$ 160,000	\$ -
Building and parking lot	833,454	157,582	801,489	124,857
Office equipment	80,789	55,343	76,727	51,306
	<u>\$ 1,074,243</u>	<u>\$ 212,925</u>	<u>\$ 1,038,216</u>	<u>\$ 176,163</u>
Cost less accumulated amortization		<u>\$ 861,318</u>		<u>\$ 862,053</u>

6. Overdraft facility

The Organization has an overdraft facility of \$250,000. A general security agreement covering all assets has been lodged as collateral for the overdraft facility.

7. Deferred revenue

	2016	2015
Deferred revenue, beginning of year	\$ 246,628	\$ -
Grant received during the year	65,930	1,259,600
Amounts spent by the Organization	(146,029)	(5,292)
Amounts transferred to Pioneers Inc. (US) under terms of grant	-	(1,007,680)
Deferred revenue, end of year	<u>\$ 166,529</u>	<u>\$ 246,628</u>

The Organization received a grant restricted for a specific use. In accordance with the restricted fund accounting principles adopted, any such funds not spent at year end are classified as deferred revenue and brought into income during the year when the related expenditures are made.

SPRINT - PIONEERS MINISTRIES INC.
SCHEDULE OF INTERNALLY RESTRICTED FUNDS

FOR THE YEAR ENDED SEPTEMBER 30	Full Time Missionaries	Caring	Risk Management	Projects	Short term Programs	Candidate Orientation	Exposure	General	Building	Total 2016	Total 2015
Revenue											
Donations	\$ 4,424,150	\$ -	\$ -	\$ 264,961	\$ 62,725	\$ 3,194	\$ -	\$ -	\$ 5,000	\$ 4,760,030	\$ 5,715,896
Expenditure											
Support	3,957,032	-	(8,275)	322,963	63,839	9,077	-	40,631	(50,000)	4,335,267	5,065,848
General fund	333,128	-	-	27,286	1,168	-	-	-	-	361,582	359,670
	<u>4,290,160</u>	<u>-</u>	<u>(8,275)</u>	<u>350,249</u>	<u>65,007</u>	<u>9,077</u>	<u>-</u>	<u>40,631</u>	<u>(50,000)</u>	<u>4,696,849</u>	<u>5,425,518</u>
Excess (deficiency) of Revenue over expenditure for the year	133,990	-	8,275	(85,288)	(2,282)	(5,883)	-	(40,631)	55,000	63,181	290,378
Balance, beginning of year	910,651	2,817	-	361,082	12,525	5,034	31,885	120,972	(643,463)	801,503	511,125
Net Capital Additions	-	-	-	-	-	-	-	-	(31,965)	(31,965)	-
Balance, end of year	<u>\$ 1,044,641</u>	<u>\$ 2,817</u>	<u>\$ 8,275</u>	<u>\$ 275,794</u>	<u>\$ 10,243</u>	<u>\$ (849)</u>	<u>\$ 31,885</u>	<u>\$ 80,341</u>	<u>\$ (620,428)</u>	<u>\$ 832,719</u>	<u>\$ 801,503</u>

The accompanying notes are an integral part of these financial statements