

**SPRINT - PIONEERS MINISTRIES INC.**

**FINANCIAL STATEMENTS**

SEPTEMBER 30, 2017

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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, 2017 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, 2017 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  
January 24, 2018

**CHARTERED PROFESSIONAL ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS**

**SPRINT - PIONEERS MINISTRIES INC.**  
**STATEMENT OF FINANCIAL POSITION**

AS AT SEPTEMBER 30	2017	2016
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 285,185	\$ 254,602
Accounts receivable	4,940	-
Investments <span style="float: right;"><i>note 4</i></span>	750,596	808,934
Sales tax receivable	25,401	28,054
Due from Pioneers affiliates <span style="float: right;"><i>note 3</i></span>	-	65,760
Prepaid expenditures	<u>31,548</u>	<u>29,013</u>
	<b>1,097,670</b>	<b>1,186,363</b>
<b>Capital</b> <span style="float: right;"><i>note 5</i></span>	<u><b>827,885</b></u>	<u><b>861,318</b></u>
	<b><u>\$ 1,925,555</u></b>	<b><u>\$ 2,047,681</u></b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable	\$ 93,169	\$ 180,982
Due to Pioneers affiliates <span style="float: right;"><i>note 3</i></span>	19,516	-
Deferred revenue <span style="float: right;"><i>note 7</i></span>	<u>89,996</u>	<u>166,529</u>
	<b><u>202,681</u></b>	<b><u>347,511</u></b>
<b>NET ASSETS</b>		
Net assets invested in capital assets <span style="float: right;"><i>page 5</i></span>	<b>827,885</b>	861,318
<b>Unrestricted net assets</b>		
General <span style="float: right;"><i>page 5</i></span>	(19,086)	6,133
Internally restricted <span style="float: right;"><i>page 5, 14</i></span>	<u>914,075</u>	<u>832,719</u>
	<b><u>1,722,874</u></b>	<b><u>1,700,170</u></b>
	<b><u>\$ 1,925,555</u></b>	<b><u>\$ 2,047,681</u></b>

*Approved on behalf of the Board:*

*Greg Patus*  


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 Mr. G. Patus, Chair

*Brian Cassidy*  


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 Mr. B. Cassidy, Treasurer

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

	General	Internally Restricted	Capital	Total
<b>TRANSACTIONS FOR THE YEAR ENDED SEPTEMBER 30, 2017</b>				
Balance, beginning of year	\$ 6,133	\$ 832,719	\$ 861,318	\$ 1,700,170
Excess (shortfall) of revenue over expenditure for the year <i>(page 6)</i>	(18,696)	81,356	(39,956)	22,704
Capital asset additions	(6,523)	-	6,523	-
<b>Balance, end of year</b>	<b>\$ (19,086)</b>	<b>\$ 914,075</b>	<b>\$ 827,885</b>	<b>\$ 1,722,874</b>

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	-
<b>Balance, end of year</b>	<b>\$ 6,133</b>	<b>\$ 832,719</b>	<b>\$ 861,318</b>	<b>\$ 1,700,170</b>

**SPRINT - PIONEERS MINISTRIES INC.**  
**STATEMENT OF REVENUE AND EXPENDITURE**

**FOR THE YEAR ENDED SEPTEMBER 30**

	2017			2016	
	General	Internally Restricted	Capital	Total	Total
<b>Revenue</b>					
Donations	\$ 106,103	\$ 4,627,634	\$ -	\$ 4,733,737	\$ 4,953,403
Grant	149,423	-	-	149,423	121,029
Rental and other income	12,208	-	-	12,208	12,000
Investment income (loss)	7,830	-	-	7,830	6,256
Unrealized investment gains (loss)	27,868	-	-	27,868	42,263
	<u>303,432</u>	<u>4,627,634</u>	<u>-</u>	<u>4,931,066</u>	<u>5,134,951</u>
<b>Expenditure</b>					
Amortization	-	-	39,956	39,956	36,762
Audit	9,024	-	-	9,024	10,000
Bad debt	-	-	-	-	4,070
Bank charges	5,930	-	-	5,930	5,939
Computer support and software	26,230	-	-	26,230	28,372
Grant	90,428	675	-	91,103	111,279
Hospitality	21,545	26,406	-	47,951	42,613
Insurance	13,858	-	-	13,858	13,254
International council fees	-	53,278	-	53,278	61,133
Legal	2,843	-	-	2,843	1,727
Marketing	31,309	-	-	31,309	19,785
Meeting and conferences	2,512	-	-	2,512	9,465
Minor equipment purchases and repairs	7,771	6,011	-	13,782	29,068
Missionary support					
Staff	50,500	2,741,523	-	2,792,023	2,810,233
Field projects	-	182,733	-	182,733	255,054
Professional development	14,369	110,972	-	125,341	166,034
Staff subsidies	229,286	-	-	229,286	256,122
Office and general ministry supplies	52,994	164,148	-	217,142	159,777
Pioneers Inc. (US)	-	572,115	-	572,115	574,540
Printing	15,664	-	-	15,664	7,007
Telephone, email and internet	9,111	30,054	-	39,165	46,125
Travel	28,349	343,857	-	372,206	426,073
Utilities and taxes	24,911	-	-	24,911	21,822
	<u>636,634</u>	<u>4,231,772</u>	<u>39,956</u>	<u>4,908,362</u>	<u>5,096,254</u>
<b>Administration fees</b>	<u>(314,506)</u>	<u>314,506</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>322,128</u>	<u>4,546,278</u>	<u>39,956</u>	<u>4,908,362</u>	<u>5,096,254</u>
<b>Excess (shortfall) of revenue over expenditure for the year</b>	<u>\$ (18,696)</u>	<u>\$ 81,356</u>	<u>\$ (39,956)</u>	<u>\$ 22,704</u>	<u>\$ 38,697</u>

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

**SPRINT - PIONEERS MINISTRIES INC.**

**STATEMENT OF CASH FLOWS**

<b>FOR THE YEAR ENDED SEPTEMBER 30</b>	<b>2017</b>	<b>2016</b>
<b>Cash provided (used) by</b>		
<b>Operating activities</b>		
Excess (shortfall) of revenue over expenditure for the year		
General	\$ (18,696)	\$ 12,278
Internally restricted	81,356	63,181
Capital	<u>(39,956)</u>	<u>(36,762)</u>
	22,704	38,697
Items not involving cash -		
Amortization	39,956	36,762
Unrealized investment gains	<u>(6,058)</u>	<u>(42,263)</u>
	56,602	33,196
Changes in non-cash working capital balances		
Accounts receivable	(4,940)	-
Sales tax receivable	2,653	(7,381)
Prepaid expenditures	(2,535)	(3,164)
Due from Pioneers affiliates	85,276	52,194
Accounts payable	(87,813)	(52,443)
Deferred revenue	<u>(76,533)</u>	<u>(80,099)</u>
	<u>(27,290)</u>	<u>(57,697)</u>
<b>Investing activities</b>		
Purchase of capital assets	<u>(6,523)</u>	<u>(36,027)</u>
<b>Increase (decrease) in cash and investments</b>	<b>(33,813)</b>	<b>(93,724)</b>
Balance, beginning of year	<u>1,000,956</u>	<u>1,094,680</u>
<b>Balance, end of year</b>	<b>\$ 967,143</b>	<b>\$ 1,000,956</b>
<b>Represented by</b>		
Cash and cash equivalents	\$ 285,185	\$ 254,602
Investments - at cost	<u>681,958</u>	<u>746,354</u>
	<u>\$ 967,143</u>	<u>\$ 1,000,956</u>

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

# SPRINT - PIONEERS MINISTRIES INC.

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

### **1. Nature of organization**

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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**

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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 -

- capital asset useful life and amortization



# SPRINT - PIONEERS MINISTRIES INC.

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

### **2. Significant accounting policies**

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#### **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, 2017

### **2. Significant accounting policies**

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#### **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 1% on the investments would have a \$7,500 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, 2017

**2. Significant accounting policies**

**Financial instruments - recognition and measurement** *(continued)*

**Sensitivity analysis**

As at September 30	2017		2016	
	Carrying amount	%	Carrying amount	%
Cash	\$ 285,185	15%	\$ 254,602	12%
Investments	750,596	39%	808,934	40%
Accounts receivable	4,940	0%	-	0%
Sales taxes recoverable	25,401	1%	28,054	1%
Due from Pioneers affiliates	19,516	1%	65,760	3%
Prepaid expenditures	31,548	2%	29,013	1%
Capital	827,885	44%	861,318	43%
<b>Total assets</b>	<b>\$ 1,945,071</b>	<b>100%</b>	<b>\$ 2,047,681</b>	<b>100%</b>
Accounts payable	\$ 93,169	5%	\$ 180,982	9%
Deferred revenue	89,996	5%	166,529	8%
Net assets	1,722,874	90%	1,700,170	83%
<b>Total funds and liabilities</b>	<b>\$ 1,906,039</b>	<b>100%</b>	<b>\$ 2,047,681</b>	<b>100%</b>

**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, 2017

**3. Related party transactions**

As at September 30	2017	2016
	<i>Due from (to)</i>	<i>Due from (to)</i>
Due from Pioneers Inc.	\$ (2,935)	\$ 88,991
International Council - administration fees payable	(3,991)	(3,830)
Due to Arab World Ministries	(13,334)	(7,683)
Due from Mena	(1,697)	815
Due from Xtend Global	(5,169)	6,066
Due to Pioneers Australia	(4,598)	(5,708)
Due to Pioneers Netherlands	8,016	6,058
Due to Pioneers Europe	(208)	1,218
Due to Pioneers Philippines	(452)	(603)
Due to Pioneers Ghana	(208)	(2,938)
Due to Pioneers United Kingdom	5,202	(16,485)
Due to Pioneers New Zealand	(93)	(92)
Due to Pioneers Singapore	(49)	(49)
	<b>\$ (19,516)</b>	<b>\$ 65,760</b>

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	2017		2016	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Mutual Funds				
Altamira high interest	\$ 209,501	\$ 209,501	\$ 201,719	\$ 201,719
5 year Global Fixed Income	60,251	60,991	98,141	102,205
Canadian Core Equity	40,054	47,479	56,361	63,382
US Core Equity	21,367	44,020	30,413	56,876
International Core Equity	22,870	34,177	35,344	47,145
Global Real Estate CL	15,195	21,605	14,367	23,173
DFA GLB A US \$	287,720	307,823	285,009	289,434
GIC - 0.85%, due November 2016	-	-	25,000	25,000
GIC - 1 %, due November 2017	25,000	25,000	-	-
	<b>\$ 681,958</b>	<b>\$ 750,596</b>	<b>\$ 746,354</b>	<b>\$ 808,934</b>

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, 2017

**5. Capital assets**

As at September 30	2017		2016	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 160,000	\$ -	\$ 160,000	\$ -
Building and parking lot	833,454	191,240	833,454	157,582
Office equipment	87,312	61,641	80,789	55,343
	<u>\$ 1,080,766</u>	<u>\$ 252,881</u>	<u>\$ 1,074,243</u>	<u>\$ 212,925</u>
Cost less accumulated amortization		<u>\$ 827,885</u>		<u>\$ 861,318</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**

	2017	2016
Deferred revenue, beginning of year	\$ 166,529	\$ 246,628
Grant received during the year	279,120	65,930
Amounts spent by the Organization	(154,423)	(146,029)
Amounts transferred to Pioneers Inc. (US) under terms of grant	(136,320)	-
Amounts allocated to Pioneers - Ghana under terms of grant	(64,910)	-
Deferred revenue, end of year	<u>\$ 89,996</u>	<u>\$ 166,529</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**

<b>FOR THE YEAR ENDED SEPTEMBER 30</b>	Full Time Missionaries	Caring	Risk Management	Projects	Short term Programs	Candidate Orientation	Exposure	General	Building	<b>Total 2017</b>	<b>Total 2016</b>
<b>Revenue</b>											
Donations	\$ 4,050,774	\$ -	\$ -	\$ 417,770	\$ 132,029	\$ 2,366	\$ 24,695	\$ -	\$ -	\$ 4,627,634	\$ 4,760,030
<b>Expenditure</b>											
Support	3,948,082	1,000	-	172,495	103,545	2,910	32,505	1,664	(30,429)	4,231,772	4,335,267
General fund	289,009	-	-	20,436	4,836	-	225	-	-	314,506	361,582
	<u>4,237,091</u>	<u>1,000</u>	<u>-</u>	<u>192,931</u>	<u>108,381</u>	<u>2,910</u>	<u>32,730</u>	<u>1,664</u>	<u>(30,429)</u>	<u>4,546,278</u>	<u>4,696,849</u>
<b>Excess (deficiency) of Revenue over expenditure for the year</b>	(186,317)	(1,000)	-	224,839	23,648	(544)	(8,035)	(1,664)	30,429	81,356	63,181
Balance, beginning of year	1,044,641	2,817	8,275	275,794	10,243	(849)	31,885	80,341	(620,428)	832,719	801,503
Net Capital Additions	-	-	-	-	-	-	-	-	-	-	(31,965)
<b>Balance, end of year</b>	<u>\$ 858,324</u>	<u>\$ 1,817</u>	<u>\$ 8,275</u>	<u>\$ 500,633</u>	<u>\$ 33,891</u>	<u>\$ (1,393)</u>	<u>\$ 23,850</u>	<u>\$ 78,677</u>	<u>\$ (589,999)</u>	<u>\$ 914,075</u>	<u>\$ 832,719</u>

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