

SPRINT - PIONEER MINISTRIES INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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FOR THE YEAR ENDED SEPTEMBER 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Sprint - Pioneer Ministries Inc.

Opinion

We have audited the accompanying financial statements of Sprint - Pioneer Ministries Inc. (the "Organization"), which comprise the Statement of Financial Position as at September 30, 2020, and Statements of Operations and Net Assets, 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 Sprint - Pioneer Ministries Inc. as at September 30, 2020 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 of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization 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 Organization's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 auditor's 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.

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

March 27, 2021
London, Canada

Scrimgeour & Company
LICENSED PUBLIC ACCOUNTANT

SPRINT - PIONEER MINISTRIES INC.
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2020

	2020	2019
ASSETS		
Current Assets		
Cash	\$ 471,618	\$ 117,794
Short-term investments (note 6)	748,435	701,077
Accounts receivable	-	12,378
HST rebate recoverable	18,865	33,753
Prepaid expenditures	6,133	18,483
Due from Pioneers' affiliates (note 5)	7,591	-
	1,252,642	883,485
Capital assets (note 2.c), (note 4)	723,791	757,871
TOTAL ASSETS	\$ 1,976,433	\$ 1,641,356
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 59,775	\$ 75,740
Due to Pioneers' affiliates (note 5)	-	33,343
Deferred revenue	140,961	124,276
	200,736	233,359
Net assets		
Net assets invested in capital assets	723,791	757,871
General	23,420	22,470
Internally restricted	1,028,486	627,656
	1,775,697	1,407,997
TOTAL LIABILITIES AND NET ASSETS	\$ 1,976,433	\$ 1,641,356

The accompanying notes are an integral part of the financial statements

SPRINT - PIONEER MINISTRIES INC.
STATEMENT OF OPERATIONS AND NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	General Fund	Internally Restricted Fund	Capital Fund	2020 Total	2019 Total
REVENUES					
Donations	\$ 142,827	\$ 4,805,887	\$ -	\$ 4,948,714	\$ 5,422,969
Grant	82,925	-	-	82,925	85,260
Rental and other income	-	10,000	-	10,000	14,189
Investment income	6,170	-	-	6,170	5,886
Unrealized investment gains (losses)	(7,841)	-	-	(7,841)	9,434
	224,081	4,815,887	-	5,039,968	5,537,738
EXPENDITURES					
Amortization	-	-	39,604	39,604	40,952
Audit	9,000	-	-	9,000	8,581
Bank charges	8,747	-	-	8,747	8,117
Computer support and hardware	32,764	-	-	32,764	26,499
Grant	53,296	-	-	53,296	56,986
Hospitality	8,779	21,733	-	30,512	38,771
Insurance	11,641	-	-	11,641	11,712
International council fees	-	46,992	-	46,992	53,429
Marketing	20,153	-	-	20,153	20,764
Meetings and conferences	1,307	-	-	1,307	1,127
Minor equipment purchases and repairs	5,535	-	-	5,535	23,574
Missionary					
Staff	51,509	2,490,023	-	2,541,532	2,914,662
Field projects	-	233,536	-	233,536	63,603
Professional development	4,345	99,586	-	103,931	106,986
Staff subsidy	236,734	-	-	236,734	201,789
Office and general ministry supplies	23,192	111,492	-	134,684	120,684
Pioneers Inc. (US)	13,508	929,539	-	943,047	1,360,251
Printing and postage	35,138	-	-	35,138	29,445
Telephone, email and internet	16,360	21,179	-	37,539	40,471
Travel	13,402	112,805	-	126,207	401,325
Utilities and taxes	20,369	-	-	20,369	33,854
	565,779	4,066,885	39,604	4,672,268	5,563,582
OTHER REVENUES (EXPENDITURES)					
Administration fees	348,172	(348,172)	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	6,474	400,830	(39,604)	367,700	(25,844)
Transfer to (from) funds	(5,524)	-	5,524	-	-
NET ASSETS, BEGINNING OF YEAR					
	22,470	627,656	757,871	1,407,997	1,433,841
NET ASSETS, ENDING OF YEAR					
	\$ 23,420	\$ 1,028,486	\$ 723,791	\$ 1,775,697	\$ 1,407,997

The accompanying notes are an integral part of the financial statements

SPRINT - PIONEER MINISTRIES INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	2020	2019
OPERATING ACTIVITIES		
Revenues over expenditures (expenditures over revenues) (page 4)	\$ 367,700	\$ (25,844)
Amortization	39,604	40,952
Unrealized investment gains (losses)	7,841	(9,434)
	415,145	5,674
OTHER ITEMS NOT INVOLVING CASH		
Decrease (increase) in accounts receivable	12,378	(12,378)
Decrease (increase) in HST rebate receivable	14,888	1,458
Decrease (increase) in prepaid expenses	12,350	7,434
Decrease (increase) in due from (to) Pioneers' affiliates	(40,934)	4,650
Increase (decrease) in accounts payable and accrued liabilities	(15,965)	(20,045)
Increase (decrease) in deferred revenue	16,685	112,740
	414,547	99,533
INVESTING ACTIVITIES		
Capital asset additions	(5,524)	(7,822)
Decrease (increase) in investments	(55,199)	(7,265)
	(60,723)	(15,087)
	-	-
Increase (decrease) in cash	353,824	84,446
Cash, beginning of year	117,794	33,348
CASH END OF YEAR	\$ 471,618	\$ 117,794

The accompanying notes are an integral part of the financial statements

**SPRINT - PIONEER MINISTRIES INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

1. Nature of the Organization

Sprint - Pioneer Ministries Inc. (the Organization) is a registered charity, which is exempt from income tax pursuant to Section 149 (1)(f) of the Income Tax Act, Canada. The Organization was incorporated, without share capital, 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 accounting policies of the Organization are in accordance with accounting principles appropriate for not-for-profit organizations. Those policies that are considered to be significant are outlined below

a. 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:

- i. The General Operating Fund accounts for the Organization's 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 to further allocation and disbursement. All investment income is recorded as revenue in this fund.
- ii. The Internally Restricted and Capital Funds are funds designated by the Canadian Board for specific purposes which are set aside in the various funds and disbursed in accordance with the Canadian Board guidelines.

b. Revenue recognition

The Organization follows the accrual method of accounting for revenue other than donations. The accrual basis of accounting recognizes revenue as it becomes available and measurable. Donation revenue is recorded on the cash basis.

Revenue received in the current year for expenditures to be incurred in subsequent years is recorded on the Statement of Financial Position as deferred revenue.

All donations are allocated to projects and ministries approved by the Board. If a project or ministry for which gifts are received has been fully funded or cannot be completed for reasons beyond our control, the Board reserves the right to use these funds for similar projects or ministries.

c. Capital assets

Land, buildings, furniture and equipment and the parking lot are recorded at cost in the Capital Fund and amortized per note 4. The costs of repairs are charged to the Operating Fund.

SPRINT - PIONEER MINISTRIES INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

2. Significant accounting policies continued

d. Contributed services

Volunteers contribute time to assist the Organization in carrying out its charitable 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.

e. Financial instruments

The Organization's financial instruments are initially measured at fair value when issued or acquired. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments 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 and Net Assets.

f. Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the period. Such estimates are periodically reviewed and any adjustments are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

SPRINT - PIONEER MINISTRIES INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

3. Capital management

The Organization defines capital as net assets. The Organization's objectives in managing capital are to ensure financial capacity to meet current obligations, to maintain, expand or modify the services provided and to continue as a going concern.

In order to manage capital, the Organization regularly identifies and assesses risks that threaten the ability to meet the Organization's capital management objectives, and determines the appropriate strategy to mitigate these risks. The Organization regularly monitors and assesses its financial performance and financial position to ensure its capital structure is appropriately maintained. The Organization has no externally imposed restrictions on its activities.

4. Capital assets

Capital assets are initially recorded at cost. Amortization is calculated on a straight line basis over the estimated useful lives of the capital assets as follows:

Building and parking lot	25 years
Elevator	20 years
Office computers and equipment	3-10 years

In the year of addition or disposal, amortization is taken on the half year rule.

The Organization's capital assets consist of the following:

	Cost	Accumulated Amortization	2020	2019
Land	\$ 160,000	\$ -	\$ 160,000	\$ 160,000
Building, parking lot and elevator	833,454	292,214	541,240	574,898
Office equipment	104,936	82,385	22,551	22,973
	\$ 1,098,390	\$ 374,599	\$ 723,791	\$ 757,871

SPRINT - PIONEER MINISTRIES INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

5. Due from (to) related parties

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. The following balances consist of fund transfers for donations due to or from these affiliates and are non-interest bearing and are due on demand.

	2020	2019
Due (to) from Pioneers Inc.	\$ 32,439	\$ 3,126
International Council - administration fees payable	(7,539)	(4,731)
Due (to) from Pioneers Orlando	(2,973)	(2,951)
Due (to) from Arab World Ministries	(14,962)	(7,555)
Due (to) from Mena	51	-
Due (to) from Xtend Global	10,813	(12,115)
Due (to) from Pioneers Australia	-	(3,183)
Due (to) from Pioneers Hong Kong	(142)	-
Due (to) from Pioneers Europe	(631)	403
Due (to) from Pioneers Philippines	(352)	(1,254)
Due (to) from Pioneers Ghana	-	(2,450)
Due (to) from Pioneers United Kingdom	(7,804)	(584)
Due (to) from Pioneers New Zealand	(2,093)	(93)
Due (to) from Pioneers Singapore	784	(1,956)
	\$ 7,591	(33,343)

SPRINT - PIONEER MINISTRIES INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

6. Investments

The Organization's investments consist of the following:

	2020			2019	
	Cost	Market Value		Cost	Market Value
Mutual Funds					
Altamira High Interest	\$ 160,555	\$ 160,555	\$ 114,469	\$ 114,469	
5 year Global Fixed Income	63,126	62,112	62,510	62,059	
Canadian Core Equity	42,071	45,134	41,162	48,935	
US Core Equity	21,915	55,122	21,726	52,071	
International Core Equity	24,221	34,251	23,780	34,281	
Global Real Estate	16,623	22,819	16,161	27,402	
DFA GLB A US \$	137,014	161,474	229,498	258,748	
DFA GLB PTF	99,626	96,812	-	-	
GIC - 2.18%, due May 2020	-	-	50,000	51,556	
GIC - 2.18%, due May 2020	-	-	50,000	51,556	
GIC - 1.00%, due June 2021	60,000	60,156	-	-	
GIC - 0.45%, due October 2020	50,000	50,000	-	-	
	\$ 675,151	\$ 748,435	\$ 609,306	\$ 701,077	

All 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.

7. Financial instruments - risks

The Organization has evaluated its exposure to risk on financial instruments and determined the following risks exist:

a. 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. Some assets are exposed to foreign exchange fluctuations. As at September 30, 2020, cash of \$32,280 (\$58,514 as at 2019) is denominated in US dollars and converted to Canadian dollars.

b. Credit risk

The Organization has determined that the financial assets with credit risk exposure are accounts receivable, which are mainly due from the Government of Canada and Pioneer affiliates. Accordingly, the risk of non-collectability is low.

**SPRINT - PIONEER MINISTRIES INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

7. Financial instruments - risks continued

c. Interest rate risk

The Organization is exposed to interest rate risk to the extent its cash balances and short-term investments earn interest. The current interest rate earned on these accounts is low and therefore, the Organization's exposure to interest rate risk is low.

d. Liquidity risk

The Organization's liquidity risk represents the risk that the Organization could encounter difficulty in meeting obligations associated with its financial liabilities. The Organization is, therefore, exposed to liquidity risk with respect to its accounts payable and accrued liabilities, which management has assessed as low due to sufficient funding to fulfill its obligations.

e. Market risk

The Organization's investments, which are traded on an active market, are exposed to the risk that changes in the market will affect the value of these investments. Management has evaluated this risk as high and monitors these investments on a regular basis.

8. Overdraft Facility

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

9. Significant Event

In March of 2020, the Province of Ontario declared a state of emergency in response to the COVID-19 virus. It is unclear what financial impact the COVID-19 virus will have on the Organization in the future. To date, the financial impact has limited travel and certain other expenditures. The Board and management are continuing to monitor the situation.

10. Comparative balances

The comparative balances were audited by the Organization's previous auditor. Certain balances have been reclassified to conform to the current year's presentation.

SPRINT - PIONEER MINISTRIES INC.
SCHEDULE OF INTERNALLY RESTRICTED FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Full Time Missionaries	Caring	Risk Management	Projects	Short Term Programs	Candidate Orientation	Exposure	General	Building	2020 Total	2019 Total
REVENUES											
Donations	\$ 4,571,007	\$ -	\$ -	\$ 208,131	\$ 18,927	\$ 4,010	\$ 3,812	\$ -	\$ 10,000	\$ 4,815,887	\$ 5,294,020
	4,571,007	-	-	208,131	18,927	4,010	3,812	-	10,000	4,815,887	5,294,020
EXPENDITURES											
Support	3,868,055	-	-	197,121	9,606	5,160	-	1,943	(15,000)	4,066,885	4,939,164
General	324,398	-	-	23,774	-	-	-	-	-	348,172	383,045
	4,192,453	-	-	220,895	9,606	5,160	-	1,943	(15,000)	4,415,057	5,322,209
EXCESS (DEFICIENCY) OF REVENUES											
OVER EXPENDITURES	378,554	-	-	(12,764)	9,321	(1,150)	3,812	(1,943)	25,000	400,830	(28,189)
BALANCE, BEGINNING OF YEAR	881,428	2,297	10,003	170,237	786	4	24,433	88,468	(550,000)	627,656	655,845
BALANCE, ENDING OF YEAR	\$ 1,259,982	\$ 2,297	\$ 10,003	\$ 157,473	\$ 10,107	\$ (1,146)	\$ 28,245	\$ 86,525	\$ (525,000)	\$ 1,028,486	\$ 627,656