

**CHILD EVANGELISM FELLOWSHIP OF CANADA INC.**

**INDEPENDENT AUDITOR'S REPORT**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2024**

**CHILD EVANGELISM FELLOWSHIP OF CANADA INC.**

**DECEMBER 31, 2024**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Child Evangelism Fellowship of Canada Inc.:

### Opinion

We have audited the accompanying financial statements of Child Evangelism Fellowship of Canada Inc. (the "Organization"), which comprise the statement of financial position as at December 31, 2024, and the statements of changes in net assets, operations and cash flow for the year then ended, and the notes to 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 Child Evangelism Fellowship of Canada Inc. as at December 31, 2024, and the results of its operations and its cash flow 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 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 the 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 related 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.

### 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.

## **Auditors' Responsibilities for the Audit of the Financial Statements (Continued)**

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 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 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.

**Winnipeg, Manitoba  
May 5, 2025**

Fort Group

**CHARTERED PROFESSIONAL  
ACCOUNTANTS INC.**



**CHILD EVANGELISM FELLOWSHIP OF CANADA INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2024**

	<u>MISSIONS FUND</u>	<u>NATIONAL FUND</u>	<u>CAPITAL FUND</u>	<u>TOTAL 2024</u>	<u>TOTAL 2023</u>
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash	\$ 739,671	145,757	-	885,428	881,644
GST receivable	648	584	-	1,232	1,157
Prepaid expenses	-	2,172	-	2,172	1,959
Due from Missions Fund (Note 5)	-	44,234	-	-	-
	740,319	192,747	-	888,832	884,760
<b>LONG-TERM INVESTMENTS</b> (Note 3)	275,583	-	-	275,583	242,441
<b>TANGIBLE CAPITAL ASSETS</b> (Note 4)	-	-	104,028	104,028	112,940
	<u>\$ 1,015,902</u>	<u>192,747</u>	<u>104,028</u>	<u>1,268,443</u>	<u>1,240,141</u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 2,600	6,030	-	8,630	15,683
Due to Child Evangelism Fellowship Inc. (Note 6)	669,204	-	-	669,204	615,115
Due to provincial bodies (Note 7)	103,637	-	-	103,637	40,504
Due to National Fund (Note 5)	44,234	-	-	-	-
	819,675	6,030	-	781,471	671,302
<b>NET ASSETS</b>					
Externally restricted - Mission Fund	196,227	-	-	196,227	215,593
Unrestricted - National Fund	-	186,717	-	186,717	240,306
Invested in tangible capital assets	-	-	104,028	104,028	112,940
	196,227	186,717	104,028	486,972	568,839
	<u>\$ 1,015,902</u>	<u>192,747</u>	<u>104,028</u>	<u>1,268,443</u>	<u>1,240,141</u>

**APPROVED BY THE BOARD:**

*Rudy V Evans*      **Director**

*SD Warns*      **Treasurer**

**CHILD EVANGELISM FELLOWSHIP OF CANADA INC.  
STATEMENT OF CHANGES IN NET ASSETS  
YEAR ENDED DECEMBER 31, 2024**

	<u>MISSIONS FUND</u>	<u>NATIONAL FUND</u>	<u>CAPITAL FUND</u>	<u>TOTAL 2024</u>	<u>TOTAL 2023</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	\$ 215,593	240,306	112,940	568,839	620,828
Excess (deficiency) of revenue over expenses	26,423	(99,378)	(8,912)	(81,867)	(51,989)
Interfund transfers (Note 10)	<u>(45,789)</u>	<u>45,789</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 196,227</u>	<u>186,717</u>	<u>104,028</u>	<u>486,972</u>	<u>568,839</u>

**CHILD EVANGELISM FELLOWSHIP OF CANADA INC.**  
**STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2024**

	<u>MISSIONS FUND</u>	<u>NATIONAL FUND</u>	<u>CAPITAL FUND</u>	<u>TOTAL 2024</u>	<u>TOTAL 2023</u>
<b>REVENUE</b>					
Donations	\$ 395,577	67,036	-	462,613	459,859
Investment income	25,773	5,724	-	31,497	17,303
Provincial contributions	-	13,346	-	13,346	10,325
	<u>421,350</u>	<u>86,106</u>	<u>-</u>	<u>507,456</u>	<u>487,487</u>
<b>EXPENSES</b>					
Advertising and promotion	2,638	67	-	2,705	2,172
Amortization of tangible capital assets	-	-	8,912	8,912	8,809
Atlantic region	15,094	-	-	15,094	7,658
Bank charges and interest	6,083	570	-	6,653	5,399
Board expenses	-	743	-	743	12,660
Dues and memberships	-	-	-	-	1,262
Field expenses	42,600	-	-	42,600	43,154
Insurance	-	6,004	-	6,004	3,641
Missionary retirement	7,273	-	-	7,273	7,668
Occupancy costs	-	10,809	-	10,809	8,614
Office supplies	7,838	899	-	8,737	13,247
Professional fees	4,648	4,648	-	9,296	7,926
Telephone	-	3,714	-	3,714	4,149
Travel	31,672	5,206	-	36,878	50,928
Wages and benefits	257,325	152,824	-	410,149	390,506
	<u>375,171</u>	<u>185,484</u>	<u>8,912</u>	<u>569,567</u>	<u>567,793</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS</b>					
	46,179	(99,378)	(8,912)	(62,111)	(80,306)
Unrealized gain on investments	26,173	-	-	26,173	29,340
Unrealized (loss) gain due to Child Evangelism Fellowship Inc.	(54,089)	-	-	(54,089)	14,992
Realized gain (loss) on cash	7,425	-	-	7,425	(16,197)
Realized gain on sale of investments	735	-	-	735	182
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>\$ 26,423</u>	<u>(99,378)</u>	<u>(8,912)</u>	<u>(81,867)</u>	<u>(51,989)</u>

**CHILD EVANGELISM FELLOWSHIP OF CANADA INC.  
STATEMENT OF CASH FLOW  
YEAR ENDED DECEMBER 31, 2024**

	<u>2024</u>	<u>2023</u>
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	\$ (81,867)	(51,989)
Add back non-cash items:		
Amortization of tangible capital assets	8,912	8,809
Unrealized gain on investments	(26,173)	(29,340)
Unrealized foreign currency loss (gain) due to Child Evangelism Fellowship Inc.	<u>54,089</u>	<u>(14,992)</u>
	(45,039)	(87,512)
Change in non-cash working capital items:		
GST receivable	(75)	(441)
Prepaid expenses	(213)	(1,959)
Accounts payable and accrued liabilities	(7,053)	(1,255)
Due to provincial bodies	<u>63,133</u>	<u>(20,513)</u>
	10,753	(111,680)
<b>INVESTING ACTIVITIES</b>		
Purchases of tangible capital assets	-	(1,031)
Proceeds from (purchase of) investments	<u>(6,969)</u>	<u>7,687</u>
	<u>(6,969)</u>	<u>6,656</u>
<b>FINANCING ACTIVITIES</b>		
Child Evangelism Fellowship Inc. repayment	<u>-</u>	<u>(22,927)</u>
<b>CHANGE IN CASH</b>	3,784	(127,951)
<b>CASH, BEGINNING OF YEAR</b>	<u>881,644</u>	<u>1,009,595</u>
<b>CASH, END OF YEAR</b>	<u>\$ 885,428</u>	<u>881,644</u>



**CHILD EVANGELISM FELLOWSHIP OF CANADA INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024**

**1. ACCOUNTING ENTITY**

The purpose of Child Evangelism Fellowship of Canada Inc. (the "Organization") is to evangelize children with the Gospel of the Lord Jesus Christ and to establish (disciple) them in the Word of God and in local churches for Christian living.

The Organization was incorporated without share capital under the Canada Not-for-profit Corporations Act. The Organization is a registered charity under Income Tax Act and is exempt from income taxes.

**2. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

An underlying assumption of the preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations is that the Organization will continue for the foreseeable future and will be able to realize its assets and discharge liabilities in the normal course of operations.

These financial statements include the following significant accounting policies:

**(a) Fund accounting**

The Organization accounts for its operations using the following funds:

The **Mission Fund** reports the Organization's externally restricted donations for mission projects.

The **National Fund** reports the Organization's revenue and expenses related to program delivery and administrative activities.

The **Capital Fund** reports the Organization's tangible capital assets, liabilities, revenue and expenses related to tangible capital assets.

**(b) Revenue recognition**

Restricted contributions, including donations, are recognized as revenue of the appropriate restricted fund when received. Amounts pledged to the Organization by supporters are not recognized in the accounts until received in cash.

Unrestricted contributions, including donations, are recognized as revenue of the National Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized when earned in the period to which it relates.

**(c) Tangible Capital assets**

Tangible capital assets are recorded at cost. Amortization, which is based on the cost less the residual value of the asset is amortized over the useful life of the asset using the straight-line method at the following rates:

Building	20 years
Office equipment and furnishings	5 years

**(d) Financial Instruments**

Financial instruments held by the Organization include cash, long-term investments, accounts payable and accrued liabilities, due to Child Evangelism Fellowship Inc. and due to provincial bodies. The Organization initially measures its financial instruments at fair value when the asset or liability is first recognized. The Organization subsequently measures its financial instruments at amortized cost (except investments). Amortized cost is the amount at which the financial instrument is measured at initial recognition, less principal repayments, plus or minus the cumulative of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

The Organization subsequently measures investments at fair value without any adjustments for transaction costs that may incur on sale or other disposal, with gains and losses recognized in operations.

**CHILD EVANGELISM FELLOWSHIP OF CANADA INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024**

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(e) Use of estimates**

The preparation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods presented. Estimates include amounts payable for services not yet billed at the time these financial statements were approved and the estimated useful life of tangible capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.

**(f) Contributed Services**

Volunteers contribute many hours per year to assist the Organization in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

**3. LONG-TERM INVESTMENTS**

	<u>2024</u>		<u>2023</u>	
	<u>Market</u>	<u>Cost</u>	<u>Market</u>	<u>Cost</u>
Equity investments	\$ 49,357	32,509	40,406	32,951
Mutual funds	<u>226,226</u>	<u>195,708</u>	<u>202,035</u>	<u>188,297</u>
	<u>\$ 275,583</u>	<u>228,217</u>	<u>242,441</u>	<u>221,248</u>

The investments consist of equities and mutual funds in Canadian, U.S. and foreign entities.

**4. TANGIBLE CAPITAL ASSETS**

	<u>2024</u>		<u>2023</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Land	\$ 46,297	-	46,297	-
Building	174,106	117,406	174,106	108,494
Office equipment and furnishings	<u>42,299</u>	<u>41,268</u>	<u>42,299</u>	<u>41,268</u>
	<u>\$ 262,702</u>	<u>158,674</u>	<u>262,702</u>	<u>149,762</u>
Net book value	<u>\$ 104,028</u>		<u>112,940</u>	

**5. DUE FROM (TO) MISSIONS (NATIONAL) FUND**

The interfund balances are unsecured, non-interest bearing and due on demand.

**6. DUE TO CHILD EVANGELISM FELLOWSHIP INC.**

Child Evangelism Fellowship of Canada Inc. is affiliated with the United States of America fellowship, Child Evangelism Fellowship Inc. (CEF Inc.), which operates autonomously. During the year, the Organization received \$nil (2023 - \$8,098) in donations from CEF Inc. that were applied against the loan. The Organization also made a repayment of \$nil (2023 - \$14,829). After translating the balance from US dollars to Canadian dollars, resulting in a foreign exchange loss of \$54,089 (2023 - \$14,992 gain), the balance of the loan was increased to \$669,204 (2023 - \$615,115).

The amount due to CEF Inc. is unsecured, non-interest bearing, and due on demand.

**CHILD EVANGELISM FELLOWSHIP OF CANADA INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024**

**7. DUE TO PROVINCIAL BODIES**

The Organization is affiliated with provincial fellowships across Canada, with each fellowship operating autonomously. The Organization collects charitable contributions on behalf of the provincial bodies and will remit payment to the appropriate entity within one to two months of receipt. During the year, the Organization collected contributions in the amount of \$224,948 (2023 - \$221,260) and disbursed \$121,311 (2023 - \$241,769). At December 31, 2024, contributions totalling \$103,637 had been collected that were yet to be disbursed (2023 - \$40,504).

The amounts due to the provincial bodies are unsecured, non-interest bearing, and due on demand.

**8. OPERATING LINE OF CREDIT**

As part of its banking facilities, the Organization has an operating line of credit in the amount of \$25,000 at an interest rate of prime plus 1%, which was not utilized at December 31, 2024 (2023 - \$nil).

**9. FINANCIAL RISK MANAGEMENT**

**(a) Liquidity risk**

Liquidity risk is the risk that the Organization will not be able to meet its financial obligations as they come due. Financial liabilities consist of accounts payable and accrued liabilities, and due to CEF Inc., accounts payable and accrued liabilities are paid in the normal course of business and, except under certain exceptions, no later than one month.

The Organization's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet liabilities when due. At December 31, 2024, the Organization has an unrestricted cash balance of \$145,757 (2023 - \$217,309) and financial liabilities \$8,630 (2023 - \$15,683).

**(b) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk

**(i) Foreign currency risk**

Foreign 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. The Organization is exposed to currency risk arising from its due to Child Evangelism Fellowship Inc. balance. The Organization mitigates foreign currency risk by monitoring its exposure to foreign exchange fluctuations.

**(ii) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. It is management's opinion that the Organization is exposed to interest rate risk due to its investments in equities and mutual funds in Canadian, U.S. and foreign entities. The Organization mitigates interest rate risk by monitoring the performance of the investments and investing only in reputable equities and mutual funds.

**(iii) Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Management mitigates this risk by diversifying its investment portfolio in reputable equities and mutual funds.

**10. INTERFUND TRANSFERS**

The Organization regularly transfers between the Missions and National funds in order to reimburse the National Fund for administration and salary costs incurred. In the year ended December 31, 2024, the Organization transferred \$45,789 (2023 - \$59,849) from the Missions fund to the National fund.