


Our Daily Bread Ministries Canada

Financial Statements

For the year ended March 31, 2018

Contents

Independent Auditor's Report	2
Financial Statements	
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11



Independent Auditor's Report

To the Directors of
Our Daily Bread Ministries Canada

We have audited the accompanying financial statements of Our Daily Bread Ministries Canada, which comprise the statement of financial position as at March 31, 2018, and the statements of operations, changes in net assets 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

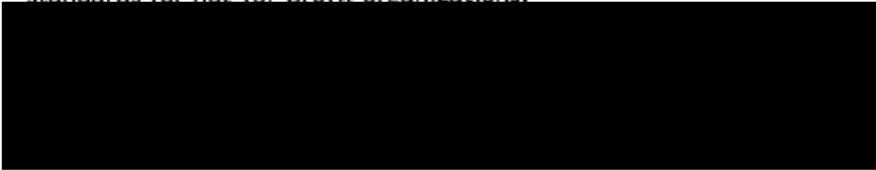
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Our Daily Bread Ministries Canada as at March 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.



Windsor, Ontario
July 27, 2018



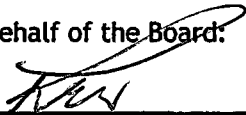
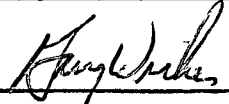
Our Daily Bread Ministries Canada
Statement of Financial Position

March 31,	2018	2017
Assets		
Current		
Cash (Note 7)	\$ 116,267	\$ 298,362
Investments (Note 2 and 7)	1,247,482	2,268,819
Accounts receivable (Note 4)	291,900	126,223
Inventory	75,380	14,722
Prepaid expenses and deposits	30,438	396,814
	1,761,467	3,104,940
Capital assets (Note 3)	1,333,455	507,979
	\$3,094,922	\$ 3,612,919

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities	\$ 214,870	\$ 67,760
Accrued salaries	13,900	26,843
Due to other organizations (Note 4)	108,233	174,574
Donor deposit agreements (Note 5)	41,839	43,839
	378,842	313,016
Net Assets		
Net assets invested in capital assets	1,333,455	507,979
Unrestricted net assets	1,382,625	2,791,924
	2,716,080	3,299,903
	\$3,094,922	\$ 3,612,919

On behalf of the Board:

 <hr style="border: 0.5px solid black;"/>	Director
 <hr style="border: 0.5px solid black;"/>	Director

Our Daily Bread Ministries Canada

Statement of Operations

	Actual	Budget Unaudited	Actual
For the year ended March 31,	2018	2018	2017
Revenue			
Contributions	\$4,142,766	\$4,575,000	\$ 4,638,574
Book sales	207,045	290,000	-
Translation services	63,816	70,000	47,150
Investment income	26,193	60,000	93,765
Other	11,177	5,000	985
	<u>4,450,997</u>	<u>5,000,000</u>	<u>4,780,474</u>
Expenses			
Postage and freight	1,979,527	1,804,950	1,644,254
Printed material (Note 4)	999,793	1,009,816	1,403,747
Wages and benefits (Note 6)	789,803	947,739	771,970
Other operating	752,055	753,740	403,528
Time charges - radio and television	258,639	252,000	242,521
Paper, envelopes and supplies	107,261	94,255	45,758
Amortization	75,266	85,000	37,802
Rent	24,965	33,600	33,525
Outside services	47,511	18,900	28,982
	<u>5,034,820</u>	<u>5,000,000</u>	<u>4,612,087</u>
Excess of (expenses over revenue), revenue over expenses	(583,823)	-	168,387
Net assets, beginning of year	<u>3,299,903</u>	<u>3,299,903</u>	<u>3,131,516</u>
Net assets, end of year	<u>\$2,716,080</u>	<u>\$3,299,903</u>	<u>\$ 3,299,903</u>

Our Daily Bread Ministries Canada
Statement of Changes in Net Assets

For the year ended March 31,

Net assets	Invested in capital assets	Unrestricted	2018 Total	2017 Total
Balance, beginning of year	\$ 507,979	\$2,791,924	\$ 3,299,903	\$ 3,131,516
Excess of expenses over revenue	(75,266)	(508,557)	(583,823)	168,387
Transfer of interfund	900,742	(900,742)	-	-
Balance, end of year	\$ 1,333,455	\$1,382,625	\$ 2,716,080	\$ 3,299,903

Our Daily Bread Ministries Canada

Statement of Cash Flows

For the year ended March 31,	2018	2017
Operating activities		
Excess of (expenses over revenue). revenue over expenses	\$ (583,823)	\$ 168,387
Items not requiring an outlay of cash		
Amortization	<u>75,266</u>	<u>37,802</u>
	(508,557)	206,189
Changes in non-cash working capital		
Accounts receivable	(165,677)	(6,816)
Inventory	(60,658)	(8,136)
Prepaid expenses and deposits	366,376	(381,652)
Accounts payable and accrued liabilities	147,110	8,899
Accrued salaries	(12,943)	13,949
Due to other organizations	<u>(66,341)</u>	<u>(94,565)</u>
	<u>(300,690)</u>	<u>(262,132)</u>
Financing activities		
Donor deposits (paid) received	<u>(2,000)</u>	<u>500</u>
Investing activities		
Net change in investments	1,021,337	(260,425)
Purchase of capital assets	<u>(900,742)</u>	<u>(6,395)</u>
	<u>120,595</u>	<u>(266,820)</u>
Decrease in cash during the year	(182,095)	(528,452)
Cash, beginning of year	<u>298,362</u>	<u>826,814</u>
Cash, end of year	\$ 116,267	\$ 298,362

Our Daily Bread Ministries Canada

Notes to Financial Statements

March 31, 2018

1. Significant accounting policies

Purpose of organization	<p>Our Daily Bread Ministries Canada ("the Organization") was incorporated as a not-for-profit corporation with share capital in 1959 under the Corporations Act (Ontario).</p> <p>It was imported into the federal jurisdiction by Articles of Continuance issued on January 9, 2015.</p> <p>Its purpose is to advance, promote and manifest the religious doctrines, observances and practices associated with the Gospel of Jesus Christ by spreading the Christian faith through publication and distribution of religious publication and audio-visual materials, religious broadcasting, religious education programs and religious worship and fellowship activities.</p> <p>The Organization is a not-for-profit exempt from Canadian income taxes. Accordingly, no provision has been made for income taxes in the accompanying financial statements.</p>
Basis of accounting	<p>The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.</p>
Functional currency	<p>All information in these financial statements is presented in Canadian dollars</p>
Fund accounting	<p>The financial statements present the financial position and activities according to the deferral method into three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.</p>
Revenue recognition	<p>Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations. All contributions received are unrestricted.</p>

Our Daily Bread Ministries Canada
Notes to Financial Statements

March 31, 2018

1. Significant accounting policies (continued)

Use of estimates	The preparation of financial statements in accordance with Canadian 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 period. Actual results could differ from management's best estimates as additional information becomes available in the future.										
Financial instruments	Financial instruments are recorded at fair value when acquired or issued. All bonds and guaranteed investment certificates have been designated to be in the fair value category, with gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.										
Inventory	Inventory is stated at the lower of cost, or net realizable value; principally determined by the first in, first out method.										
Short-term investments	Short-term investments in equities quoted in an active market are accounted for at fair value. Changes in fair value are recorded through the statement of operations.										
Capital assets	Purchased capital assets in the current year are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided over the useful lives of the respective assets on the straight-line basis. Estimated useful lives for financial reporting purposes are as follows, with half of the amortization taken in the year of acquisition. <table><tr><td style="padding-left: 40px;">Building</td><td style="text-align: right;">40 years</td></tr><tr><td style="padding-left: 40px;">Office equipment</td><td style="text-align: right;">5-10 years</td></tr><tr><td style="padding-left: 40px;">Computer equipment</td><td style="text-align: right;">3-5 years</td></tr><tr><td style="padding-left: 40px;">Mailing and shipping equipment</td><td style="text-align: right;">10 years</td></tr><tr><td style="padding-left: 40px;">Other equipment</td><td style="text-align: right;">10 years</td></tr></table>	Building	40 years	Office equipment	5-10 years	Computer equipment	3-5 years	Mailing and shipping equipment	10 years	Other equipment	10 years
Building	40 years										
Office equipment	5-10 years										
Computer equipment	3-5 years										
Mailing and shipping equipment	10 years										
Other equipment	10 years										

Our Daily Bread Ministries Canada
Notes to Financial Statements

March 31, 2018

2. Investments

The investments held are summarized as follows:

	2018	2017
Marketable securities	\$ 1,187,639	\$ 2,209,547
Fixed income	59,843	59,272
	\$ 1,247,482	\$ 2,268,819

The investments noted above earned various interest rates and the fair market value is consistent with the book value.

3. Capital assets

	Cost	Accumulated Amortization	2018	2017
Building	\$ 444,523	\$ 201,915	\$ 242,608	\$ 258,383
Computer software	887,775	44,389	843,386	-
Land	160,000	-	160,000	160,000
Office equipment	94,470	37,825	56,645	60,643
Mailing and shipping equipment	37,457	17,955	19,502	21,328
Computer equipment	70,785	60,959	9,826	5,898
Other equipment	4,297	2,809	1,488	1,727
	\$1,699,307	\$ 365,852	\$1,333,455	\$ 507,979

Our Daily Bread Ministries Canada
Notes to Financial Statements

March 31, 2018

4. Transactions with other Organizations

ODB Ministries and [REDACTED] are organizations which provide printing and other services to the Organization. While there are some common directors between these organizations and the Organization, it is limited to a minority of the board of the Organization only. While sharing a common purpose, all entities operate independently and the Organization is not controlled by either of these organizations.

The balances due to and from the these organizations are non-interest bearing with no specific terms of repayment. The transactions arose through the course of normal operations and are recorded at the exchange amount which is consistent with the fair value.

A summary of account balances as of March 31, 2018 and 2017 with these organizations and transactions for the year then ended is as follows:

	<u>2018</u>	<u>2017</u>
Purchases from ODB Ministries	\$ 873,972	\$ 1,375,073
Accounts receivable from ODB Ministries	\$ -	\$ 948
Accounts receivable from [REDACTED]	-	9,839
Included in accounts receivable	\$ -	\$ 10,787
Due to ODB Ministries	\$ 101,663	\$ 158,614
Due to [REDACTED]	6,571	15,961
	<u>\$ 108,234</u>	<u>\$ 174,575</u>

5. Donor deposit agreements

Under revocable donor deposit agreements, the Organization receives, maintains, and pays interest annually on funds from donors which can be withdrawn on demand by the donor. Upon death of the donor, the remaining funds are recorded as unrestricted contribution revenue.

Our Daily Bread Ministries Canada

Notes to Financial Statements

March 31, 2018

6. Retirement plan

The Organization maintains a defined contribution retirement plan available for all employees who have been with the Organization for over 12 months. Organization contributions to the Plan are computed at 5% of the prior year annual wages and are paid in monthly instalments during the year. Employees may also contribute to the plan and are fully vested in all contributions immediately. Contributions to this plan during the year totaled \$32,781 (2017 - \$15,316).

7. Financial instruments

Credit risk

The Organization maintains guaranteed investment contracts, demand deposits and money market funds and these funds are insured by the [REDACTED] up to \$100,000 in each bank. Some balances in these banks exceed insured limits at as March 31, 2018. The Organization's management believes it is not exposed to significant credit risks on cash balances.

Liquidity risk

Liquidity risk is the risk that the organization encounters difficulty in meeting its obligations with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value which is less than what they are worth; or may be unable to settle or recover a financial asset.

This risk is reduced due to considerable sums invested in term deposits. Trade accounts payable and accrued liabilities are generally repaid within 30 days.

The organization manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.
