The Samaritan's Purse – Canada

Consolidated Financial Statements
December 31, 2022

Independent auditor's report

To the Members of The Samaritan's Purse – Canada

Our qualified opinion

In our opinion, except for the possible effects of the matter described in the *Basis for qualified opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of The Samaritan's Purse – Canada and its subsidiary (together, the Organization) as at December 31, 2022 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.

What we have audited

The Organization's consolidated financial statements comprise:

- the consolidated statement of financial position as at December 31, 2022;
- the consolidated statement of operations and changes in fund balances for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for qualified opinion

In common with many not-for-profit organizations, the Organization derives revenues from contributions and gifts in kind, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to contributions revenue, gifts in kind revenue, excess (deficiency) of revenue over expenditures and cash provided by operating activities for the years ended December 31, 2022 and 2021, current assets as at December 31, 2022 and 2021 and fund balances as at the beginning and the end of the years ended December 31, 2022 and 2021. Our audit opinion on the consolidated financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

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 consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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Independence
We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Organization to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Calgary, Alberta
June 9, 2023

The Samaritan's Purse – Canada

Consolidated Statement of Financial Position

As at December 31, 2022

	2022 $	2021 $
Assets		
Current assets		
Cash	10,920,904	10,953,765
Short-term investments (note 3)	1,680,487	2,495,554
Accounts receivable (note 4)	1,201,733	489,819
Prepaid expenses	244,813	261,245
Inventory	2,107,212	1,258,714
	16,155,149	15,459,097
Investments (note 3)	19,914,158	13,041,352
Capital assets (note 5)	15,184,904	15,325,759
	51,254,211	43,826,208
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	814,722	1,046,512
Long-term liabilities	-	9,547
	814,722	1,056,059
Fund Balances		
Unrestricted	13,621,306	10,826,613
Internally restricted – invested in capital assets	15,184,904	15,325,759
Externally restricted (note 7)	21,633,279	16,617,777
	50,439,489	42,770,149
	51,254,211	43,826,208

Commitments (note 11)

Approved by the Board of Directors

_______________ Director _______________ Director

The accompanying notes are an integral part of these consolidated financial statements.

The Samaritan's Purse – Canada

Consolidated Statement of Operations and Changes in Fund Balances

For the year ended December 31, 2022

	General Fund $	Capital Fund $	Ministry Fund $	2022 Total $	2021 Total $
Revenue					
Contributions	10,644,206	-	35,077,964	45,722,170	33,076,767
Gifts in kind (note 8)	2,020,960	69,388	20,968,653	23,059,001	20,199,881
Investment income	636,018	-	-	636,018	230,145
(Loss) gain on sale of capital assets	-	(2,301)	-	(2,301)	20,367
	13,301,184	67,087	56,046,617	69,414,888	53,527,160
Expenditures					
Operation Christmas Child	-	-	24,313,992	24,313,992	22,021,300
International community programming	21,366	-	10,182,937	10,204,303	9,039,215
International disaster response	4,254	-	11,285,148	11,289,402	2,595,274
North American ministries	300,741	-	1,646,531	1,947,272	1,538,707
Ministry support services	4,632,015	788,697	2,685,020	8,105,732	6,357,692
	4,958,376	788,697	50,113,628	55,860,701	41,552,188
Fundraising	1,450,035	-	330,339	1,780,374	1,542,051
General and administrative support for ministries	869,468	218,740	3,016,265	4,104,473	3,969,832
	2,319,503	218,740	3,346,604	5,884,847	5,511,883
	7,277,879	1,007,437	53,460,232	61,745,548	47,064,071
Excess (deficiency) of revenue over expenditures	6,023,305	(940,350)	2,586,385	7,669,340	6,463,089
Fund balance – Beginning of year	10,826,613	15,325,759	16,617,777	42,770,149	36,307,060
Inter-fund transfer to Ministry Fund	(2,429,117)	-	2,429,117	-	-
Inter-fund transfer – capital asset purchases	(799,495)	799,495	-	-	-
Fund balance – End of year	13,621,306	15,184,904	21,633,279	50,439,489	42,770,149

The accompanying notes are an integral part of these consolidated financial statements.

The Samaritan's Purse – Canada

Consolidated Statement of Cash Flows

For the year ended December 31, 2022

	2022 $	2021 $
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures in the General Fund	6,023,305	5,125,791
Excess of revenue over expenditures in the Ministry Fund	2,586,385	2,146,685
	8,609,690	7,272,476
Changes in non-cash working capital items		
Accounts receivable	(711,914)	409,037
Prepaid expenses	16,432	(143,542)
Inventory	(848,498)	(822,740)
Accounts payable and accrued liabilities	(231,790)	(47,304)
	6,833,920	6,667,927
Investing activities		
Purchase of capital assets	(799,495)	(603,912)
Purchase of investments	(16,716,343)	(6,480,431)
Proceeds on sale of investments	10,658,604	2,216,851
Proceeds on sale of capital assets	-	425
	(6,857,234)	(4,867,067)
Financing activities		
Long-term liability	(9,547)	(12,526)
(Decrease) increase in cash during the year	(32,861)	1,788,334
Cash – Beginning of year	10,953,765	9,165,431
Cash – End of year	10,920,904	10,953,765

The accompanying notes are an integral part of these consolidated financial statements.

1 Nature of the organization

The Samaritan's Purse – Canada (the Organization) was incorporated under Part II of the Canada Corporations Act in 1973 and was continued under the Canada Not-for-Profit Corporations Act on November 8, 2013. The Organization is a not-for-profit non-denominational evangelical Christian organization providing spiritual and physical aid to hurting people around the world and the Organization distributes gifts in kind such as gift-filled shoeboxes, medical supplies and equipment in countries where there is need.

Based on the scriptural example of the good Samaritan in Luke 10:25-37, the ministry of the Organization helps meet the needs of people who are victims of war, poverty, natural disasters, disease and famine with the purpose of sharing God's love through his Son, Jesus Christ. The ministry serves the church worldwide to promote the Gospel of the Lord Jesus Christ.

The Organization is a registered charity under the Income Tax Act (Canada) and, accordingly, is exempt from income taxes.

In April 2013, the Organization established a wholly owned subsidiary, 1741990 Alberta Ltd. (the Company) under the Government of Alberta Business Corporations Act through the issuance of shares. The Organization and the Company have a common board of directors. The Company was established in connection with the Organization's purchase of land and a building for a ministry centre in northern British Columbia. The ministry centre is the base of the Organization's evangelistic work in the area, with a focus on reaching the community through food, hospitality and youth activities related to sports, games and music. The building purchased previously housed a restaurant and kitchen facilities, which are being used to facilitate the ministry plan. The Organization is planning the operation of a small café to further support the evangelistic outreach in the community. Any commercial activity associated with the operation of the café will be managed by the Company.

As at December 31, 2022, the café had not yet commenced operations and, accordingly, the activity of the Company for the year ended December 31, 2022 was insignificant.

2 Summary of significant accounting policies

Basis of presentation

The Organization's consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Use of estimates

The preparation of consolidated financial statements in conformity with ASNPO requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. These estimates and assumptions are the responsibility of management. These estimates and assumptions are subject to measurement uncertainty and actual results and financial position may differ from those reported in these consolidated financial statements. Significant estimates included in the consolidated financial statements are the useful lives of capital assets, accruals and valuation of gifts in kind.

Fund accounting

The Organization follows the restricted fund method of accounting for contributions. The Organization maintains the following funds:

- The General Fund reports the assets, liabilities, revenue and expenditures related to the general operating activities of the Organization.
- The Capital Fund reports the assets, liabilities, revenue and expenditures related to the Organization's capital assets.
- The Ministry Fund reports the assets, liabilities, revenue and expenditures related to the Organization's programs or locations.

Revenue recognition

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

Restricted contributions related to a specific program or location are recognized as revenue of the Ministry Fund in the year received.

Unrestricted investment income is recognized as revenue of the General Fund.

Contributed goods and services

Donations of goods and services are recorded when the fair market value is reasonably determinable and when they would otherwise be purchased by the Organization.

A portion of the Organization's work is dependent on voluntary services from many members and supporters. Because of the difficulty in determining their value, these contributed services are not recognized in the consolidated financial statements.

Allocation of expenses

The Organization engages in ministry, fundraising and general programs. The costs of each program include the costs that are 100% related to their respective program. The Organization also incurs various building overhead expenses that are allocated to ministry. General building overhead expenses such as janitorial supplies, building maintenance, ground maintenance and utilities are allocated based on the footprint of the property to ministry activities.

Investments

Corporate and government bonds are carried at amortized cost. The investments are recorded at fair value at time of acquisition and thereafter are measured at amortized cost using the effective interest method. Guaranteed investment certificates are recorded at fair value, which is calculated as the certificate deposit amount plus accrued interest.

Equity investments and investments in fixed income pooled funds are carried at fair market value, determined by reference to published price quotations in an active market. The change in fair market value is recorded directly in the consolidated statement of operations and changes in fund balances in the General Fund. Transaction costs are expensed as incurred.

Investments with maturities within one year have been classified as short-term investments.

Inventory

Inventory comprises supplies to be distributed to beneficiaries at no charge and is recorded at the lower of cost and current replacement cost.

Foreign currency translation

Current assets and liabilities denominated in foreign currencies are translated at exchange rates in effect at the end of the year. Transactions during the year are translated at exchange rates in effect at the date of the transaction. Exchange gains and losses occurring from the date of the transaction to the date of payment are reflected in the consolidated statement of operations and changes in fund balances.

Capital assets

Capital assets are recorded at cost less accumulated amortization and any provision for impairment. The cost of contributed capital assets is considered to be fair value at the date of contribution. The cost of capital assets made up of significant separable component parts is allocated to the component parts when practicable and when estimates can be made of the estimated useful lives of the separate components.

Amortization is recorded using the straight-line method over the following estimated useful lives:

Building	19 to 40 years
Computer equipment and software	3 to 5 years
Office furniture and equipment	3 to 5 years
Automobiles	5 years
Project equipment	3 to 5 years

Capital assets are tested for impairment when conditions indicate that a capital asset no longer contributes to the Organization's ability to provide charitable aid, or that the value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount. When conditions indicate that a capital asset is impaired, the net carrying amount of the capital asset is written down to the asset's fair value or replacement cost. The writedowns of capital assets are recognized as expenditures in the consolidated statement of operations and changes in fund balances. Writedowns are not subsequently reversed.

Financial instruments

A financial asset or a financial liability is initially recognized when the Organization becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished. The Organization initially measures financial assets and financial liabilities assumed in an arm's length transaction, at their fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost, other than equity investments and investments in fixed income pooled funds quoted in active markets, which are measured and reported at fair value. The financial assets subsequently measured at amortized cost include cash, accounts receivable and corporate and government bonds. The financial liabilities measured at amortized cost consist of accounts payable and accrued liabilities.

Financial assets originated or acquired, and financial liabilities issued or assumed in a related party transaction are initially measured at cost. For financial instruments with repayments terms, cost is determined as the sum of undiscounted cash flows less any impairment losses previously recognized by the transferor. For financial instruments with no repayment terms, cost is determined by reference to the consideration transferred or received by the Organization in the transaction.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. For all other financial instruments, the transaction costs are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method.

With respect to financial assets measured at amortized cost, the Organization recognizes an impairment loss, if any, in the consolidated statement of operations and changes in fund balances, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed in the consolidated statement of operations and changes in fund balances in the period the reversal occurs.

The Organization has assessed the relevant financial risks of its financial instruments:

- Credit risk

  Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization maintains a low risk portfolio of investments and does not have a concentration of credit exposure with any one customer or sponsor. The Organization does not consider that it is exposed to undue credit risk. There has been no change to the risk exposure from the prior year.

- 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. The Organization is not exposed to interest rate risk as its investments are in fixed rate instruments with investment terms that are staggered. There has been no change to the risk exposure from the prior year.

- Liquidity risk

  Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is not exposed to liquidity risk as it maintains sufficient cash and cash equivalents to meet its ongoing obligations. There has been no change to the risk exposure from the prior year.

- 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. The Organization is exposed to currency risk on ministry expenses denominated in currencies other than Canadian dollars, with the majority of foreign-denominated ministry expenses denominated in US dollars (USD). The Organization mitigates this risk by holding a portfolio of USD fixed rate investments with staggered terms. There has been no change to the risk exposure from the prior year.

3 Investments

		2022
	Carrying value $	**Fair market value $**
Government and corporate bonds	18,650,381	17,531,035
Canadian equities	36,137	36,137
Mortgage and short-term income fund	2,806,484	2,806,484
Guaranteed investment certificates	101,643	101,644
	21,594,645	20,475,300

		2021
	Carrying value $	**Fair market value $**
Government and corporate bonds	12,493,050	12,470,231
Canadian equities	90,620	90,620
Mortgage and short-term income fund	2,953,236	2,953,236
	15,536,906	15,514,087

Mortgage and short-term income fund is a fixed income pooled fund comprised of short-term investment-grade corporate and government bonds and insured mortgage-backed securities.

Government and corporate bonds have effective interest rates ranging from 1.67% to 4.85% (2021 – 1.92% to 4.85%) and mature between 2023 and 2033. The amount maturing in the next fiscal year is $1,680,487 (2021 – $2,495,554).

4 Related party transactions

Common control

The Organization and Billy Graham Evangelistic Association of Canada (BGEA – Canada) are considered related parties as each of these organizations share common directors and a close working relationship.

Included in accounts receivable as at December 31, 2022 are amounts receivable from BGEA – Canada of $67,246 (2021 – $81,469). These operating amounts are subject to normal trade terms and are included in the respective accounts receivable balances. During the year, the Organization and BGEA – Canada paid reimbursable expenses on behalf of each other.

Affiliated

The Organization and Samaritan's Purse Inc. are considered to be affiliated as each of these have three common directors, common joint project activities and a close working relationship.

Included in accounts receivable as at December 31, 2022 are amounts receivable from Samaritan's Purse Inc. of $326,617 (2021 – $174,934). This operating amount is subject to normal trade terms and is included in the accounts receivable balance. During the year, the Organization and Samaritan's Purse Inc. paid reimbursable expenses on behalf of each other.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

5 Capital assets

			2022	2021
	Cost $	Accumulated amortization $	Net book value $	Net book value $
Land	1,509,146	-	1,509,146	1,509,146
Building	15,761,391	3,384,598	12,376,793	12,621,176
Computer equipment and software	1,548,995	1,230,185	318,810	349,575
Office furniture and equipment	1,226,937	1,047,252	179,685	224,778
Automobiles	2,189,973	1,494,970	695,003	498,590
Project equipment	405,555	300,088	105,467	122,494
	22,641,997	7,457,093	15,184,904	15,325,759

During the year, amortization in the amount of $1,007,437 (2021 – $807,754) was recorded in the Capital Fund.

6 Government remittances payable

As at December 31, 2022, the amount of government remittances payable was $915 (2021 – $246).

7 Externally restricted

The externally restricted fund balance consists of the contributions restricted by donors for the following programs or locations and was not spent as at December 31, 2022:

	2022 $	2021 $
International Community Programming	8,859,764	10,386,991
International Disaster Response	8,162,544	1,939,228
North American Ministries	2,296,379	1,852,934
Operation Christmas Child	2,314,592	2,438,624
	21,633,279	16,617,777

8 Gifts in kind

The Organization receives gifts in kind in connection with its Operation Christmas Child (OCC) program. Under this program, donors contribute gift-filled shoeboxes, which the Organization distributes to needy children worldwide. Shoebox contents are valued at their estimated fair market values. The OCC program also obtains transportation and other supplies and services in kind that are valued and recorded at their estimated fair market values.

9 Allocation of expenses

General building overhead expenses are allocated to the following functional areas based on the usage of space of the property. During the year, the following building overhead expenses were allocated to the following areas: $310,969 (2021 – $271,684), ministry activities and $80,141 (2021 – $72,979), general and administrative activities.

10 Statutory disclosures

As required by Section 7(2) of the Charitable Fundraising Regulation of Alberta, the Organization discloses that it paid $623,578 in 2022 to employees whose principal duties involved fundraising (2021 – $645,715).

11 Commitments

The Organization is committed to a continuation of funding of approved ministry projects as at December 31, 2022 in the amount of $7,262,529 (2021 – $4,600,186).