EMMANUEL RELIEF & REHABILITATION INTERNATIONAL OF CANADA

FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

EMMANUEL RELIEF & REHABILITATION INTERNATIONAL OF CANADA INDEX SEPTEMBER 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Emmanuel Relief & Rehabilitation International of Canada

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of Emmanuel Relief & Rehabilitation International of Canada, which comprise the statement of financial position as at September 30, 2020 and the statements of receipts and expenditures and fund balance and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of Emmanuel Relief & Rehabilitation International of Canada 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 for Qualified Opinion

In common with many not-for-profit organizations, Emmanuel Relief & Rehabilitation International of Canada derives revenue from voluntary contributions and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of Emmanuel Relief & Rehabilitation International of Canada. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess (deficiency) of revenue over expenditures, cash flows from operations, current assets, or fund balances. Our audit opinion on the financial statements for the year ended September 30, 2020 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 Financial Statements* section of our report. We are independent of Emmanuel Relief & Rehabilitation International of Canada 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 Emmanuel Relief & Rehabilitation

International of Canada'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 Emmanuel Relief & Rehabilitation International of Canada or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Emmanuel Relief & Rehabilitation International of Canada's financial reporting process.

Auditor's Responsibility 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 Emmanuel Relief & Rehabilitation International of Canada'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 Entity'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 Emmanuel Relief & Rehabilitation International of Canada 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.

Report on Other Legal and Regulatory Requirements

As required by the Corporations Act (Ontario), we report that, in our opinion, the accounting principles in the Canadian Accounting Standards for Not-for-Profit Organizations have been applied on a basis consistent with that of the preceding period.

BELL CPA * Associates Prof Corp

BELL CPA & ASSOCIATES PROFESSIONAL CORPORATION

Authorized to practice public accounting by The Chartered Professional Accountants of Ontario.

Brampton, Ontario

February 12, 2021

EMMANUEL RELIEF & REHABILITATION INTERNATIONAL OF CANADA STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2020

ASSETS		2020	2019
Current assets Cash and cash equivalents Short-term investments HST recoverable & miscellaneous receivables Due from affiliated organizations Due from employees Advances to projects and net assets in the field Prepaid expenses	(Note 3) (Note 8(c))	\$ 236,337 \$ 504,086 40,074 - 260,707 4,229 1.045,433	299,698 519,359 12,351 16,648 516 129,406 <u>9,360</u> 987,338
Capital assets Capital assets (net of accumulated amortization)	(Note 4)	<u>9,768</u> \$ <u>1,055,201</u> \$	11,621 998,959
LIABILITIES Current liabilities Accounts payable and accrued liabilities Deferred revenue Due to affiliated organizations	(Note 6) (Note 7) (Note 8(c))	\$ 47,187 \$ 2,000 \\ \(\frac{637}{49,824} \)	19,654 5,135 24,789
FUND BALANCE			
Field Personnel Rehabilitation & Development Relief Spiritual Ministries Other Funds General Fund	(Note 2(a)) (Note 2(b)) (Note 2(c)) (Note 2(d)) (Note 2(d)) (Note 2(e))	322,037 172,602 55,720 191,751 123,703 139,564	299,856 182,338 66,748 207,149 125,143 92,936
		1,005,377	974,170
· On land		\$ <u>1,055,201</u> \$	998,959

Approved on Behalf of the Board

Director

Director

EMMANUEL RELIEF & REHABILITATION INTERNATIONAL OF CANADA STATEMENT OF RECEIPTS AND EXPENDITURES AND FUND BALANCE FOR THE YEAR ENDED SEPTEMBER 30, 2020

			: : :		RESTRICTED FUNDS	NDS			GENERA	GENERAL FUNDS	: : : :	:
†		Field Personnel	Kenabilitation & Development	on nt Relief	Spiritual Ministries	Other Funds	Total 2020	Total 2019	General Fund 2020	General Fund 2019	Funds Funds 2020	Funds 2019
RECEIPTS Donations GAC Revenue		\$ 541,125	\$ 195,957	7 \$ 25,375	5 \$ 38,505	· ·	\$ 800,962	\$ 832,127	\$ 152,421	\$ 166,188	\$ 953,383	\$ 998,315 443,811
Covid Grant National Affiliates		83,967 43,792	35,929	- 11,488			83,967 91,866	97,195	46,696 17,641	7,490	130,663	104.685
Other Revenue Administration Allocation	ation	(89,257)			- 6) (6,819)		(134,573)	20,479 (153,546)	21,229 134,573	56,363 153,546	21,229	76,842
Emergency Iravel & Medical Allocation	Medical Allocation	(2,130)	1	1	1	2,130	ı	-		,	1 1	, }
Foreign Exchange Gain (Loss)	iaın (Loss)	577,497	195,99	95 34,257	32,343	2,130	842,222	(290) 1,239,776	373,885	384,438	1,216,107	1,624,214
EXPENDITURES Transfer to ERRI		54,247	ı		1		54,247	22,018	ι	1,900	54,247	23,918
Transfers to El UK		35,832	,				35,832	35,591	ı		35,832	35,591
Iransters to El Philippines Transfers to El Malawi	opines wi	2,975 4,640	6,957 177,885	,/ 13,68/ 5 34,023	7 4,383 3 16,021		28,002 232,569	33,298 546,920	1 1	1 1	28,002 232,569	33,298 546,920
Transfers to El Brazil	-	21,001	8,51	'	N	r	49,829	25,254	,	1	49,829	25,254
Field office and administration Salaries	iinistration	90/'6 -	23,072	cz - z	3,085		35,888	30,734	130.510	148.859	35,888 130,510	30,734 148.859
Direct project costs		15,779	11,083		3 12,451		43,786	105,957	; ; ;	-	43,786	105,957
Travel		60,911	8,87	7 2,922		3,570	76,299	74,761	ι	1	76,299	74,761
Stall salaries and expenses Amortization	periods	1,492		, , o	- 1,43		340,430 1,492	2.984	3,491	3,047	340,430 4,983	367,346 6,031
Advertising & Promotion	notion	· •	Ī	1	1	1	` 1	24,346				24,346
See Expense Schedules for	See Expense Schedules for details of:								12 682	000 80	10 690	000 80
Administration	odidilis	. ,	t I					т 1	12,002 88,429	93,887	12,002 88,429	93,887
Advertising & Promotion	ıtion	542 470	- 247 779	20 55 120	, , ,	. 670	200	4 250 444	43,406	59,358	43,406	59,358
		347,170	24/1/2	ı	ı	0,00	200,000	1,402,411	210,010	090,000	1,104,900	1,504,47
Excess (deficiency) of receipts over expenditures) of receipts	35,319	(51,737)	(20,873)	3) (25,429)	(1,440)	(64,160)	(29,635)	95,367	49,378	31,207	19,743
Interfund transfers		(13,138)	42,001	11 9,845	5 10,031	1	48,739	42,870	(48,739)	(42,870)	ı	ı
Fund balances, beginning of year	ginning of year	299,856	182,338	66,748	8 207,149	125,143	881,234	868,000	92,936	86,428	974,170	954,428
Fund balances, end of year	d of year	\$ 322,037	\$ 172,602	\$ 55,720	\$ 191,751	\$ 123,703	\$ 865,813	\$ 881,235	\$ 139,564	\$ 92,936	\$ 1,005,377	\$ 974,171

The notes are an integral part of the financial statements.

EMMANUEL RELIEF & REHABILITATION INTERNATIONAL OF CANADA STATEMENT OF CASH FLOWS FOR THE YEAR ENDED SEPTEMBER 30, 2020

Cash provided by (used in)		2020	2019
Operating activities Excess receipts over expenditures	\$	31,207 \$	19,743
Items not involving cash: Amortization		4,983 36,190	6,031 25,774
Change in non-cash working capital balances Change in related party payable/receivable balances		2,322 (114,016) (75,504)	(1,680) <u>115,563</u> 139,657
Investing activities Disposal (purchase) of capital assets		(3,130)	(7,778)
Financing activities Long-term investment			<u> 209,175</u>
Cash increase (decrease) during the year	<u> </u>	(78,634)	341,054
Cash - beginning of year		819,057	478,003
Cash - end of year	\$	740,423 \$	819,057

Cash is defined as: Cash and cash equivalents, Short-term investments

EMMANUEL RELIEF & REHABILITATION INTERNATIONAL OF CANADA EXPENSE SCHEDULES FOR THE YEAR ENDED SEPTEMBER 30, 2020

	20	20	2	2019
	10		_	.010
EMPLOYEE TRAVEL AND BENEFITS				
Employee benefits	\$	8,651	\$	10,506
Staff travel		2,405		14,408
Vehicle expense		1,047		1,667
Board expense		<u>579</u>		1,428
	\$	12,682	\$	28,009
ADMINISTRATION				
Facilities cost	\$	39,000	\$	34,850
Professional fees		11,433		19,889
Bank and Credit card fees		8,502		8,597
Office supplies		5,161		5,895
Miscellaneous		4,793		3,012
Internet and email		4,552		6,403
Telephone		3,897		3,984
Fees and dues		3,665		3,679
Insurance		3,577		3,418
Computers and software		2,794		2,972
Photocopies		<u> 1,055</u>		<u>1,188</u>
	\$	88,429	\$	93,887
ADVERTISING AND PROMOTION				
Conference and banquet costs	\$	23,776	\$	28,779
Advertising and promotion	•	5,652		14,640
Fundraising		5,417		7,390
Church ministries		4,876		1,309
Printing, postage and publications		3,685		7,240
	\$	43,406	\$	59,358

STATUS AND PURPOSE OF THE ORGANIZATION

Emmanuel Relief and Rehabilitation International of Canada (EIC) was incorporated without share capital by letters patent, in accordance with the provisions of The Ontario Corporations Act, on March 31, 1983. It is a non-profit organization assisting indigenous Christian organizations through programs of emergency relief, rehabilitation, evangelism, and community development.

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook and include the following significant accounting policies:

(a) Capital assets

Capital assets are amortized on the basis of their useful life using the following methods and rates.

	Methods	Rates and duration
Motor vehicles	Straight-line	5 years
Computer software	Straight-line	5 years
Furniture and equipment	Straight-line	5 years

(b) Fund Accounting

The accounts of the organization are maintained in accordance with the principles of fund accounting. Financial resources are classified into funds to comply with activities or objectives specified by the donor or to comply with directives issued by the board. Transfers between funds are made with the approval of the board.

(c) Donated services

The organization benefits greatly from donated services in the form of volunteer time for various activities. The value of the donated services is not recognized in these financial statements.

(d) Use of estimates

The preparation of these financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. These estimates include depreciation and are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

(e) Recognition of contributions

The organization follows the restricted method in accounting for contributions. Restricted contributions related to general operations are recognized as revenue in the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate designated fund.

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

(f) Cash and cash equivalents

The organization's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and term deposits with a maturity period of three months or less from the date of acquisition. Term deposits that the entity cannot use for current transactions because they are pledged as security are also excluded from cash and cash equivalents.

(g) Financial instruments

Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, short-term investments, and accounts receivable.

Financial liabilities measured at amortized cost include the accounts payable.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction costs

The organization recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

(h) Field Advances

The organization records funds advanced to the field as assets. When expense reports are received from the field, the assets are converted to program expenditures.

2. FUND DESCRIPTIONS

(a) Field Personnel Fund

The Field Personnel Fund reports revenue and expenses and transfers to National Affiliates related to expenditures for personnel and vehicle costs in the field. Interfund transfers in and out of this fund are done on Board approval at the end of a project.

(b) Rehabilitation and Development Fund

The Rehabilitation and Development Fund reports revenue and expenses and transfers to National Affiliates related to field projects that are community development in nature. Interfund transfers in and out of this fund are done on Board approval at the end of a project.

(c) Relief Fund

The Relief Fund reports revenue and expenses and transfers to National Affiliates related to field projects that are for famine relief and emergency aid. Interfund transfers in and out of this fund are done on Board approval at the end of a project.

(d) Spiritual Ministries Fund and Other Funds

The Spiritual Ministries Fund and Other Funds reports revenue and expenses and transfers to National Affiliates related to ministry activity and other field and home projects. Interfund transfers in and out of this fund are done on Board approval at the end of a project.

(e) General Fund

The General fund reports revenue and expenses covering the day-to-day operational expenses of Emmanuel International Canada. Interfund transfers are made to cover deficiencies in projects as approved by the Board. Occasionally when projects are completed, leftover funds may be moved to the General fund to cover expenses.

3. HST RECOVERABLE AND MISCE	LLANEOUS	AMOUNTS	RECE	IVABLE
		2020		2019
HST recoverable Other receivables CEWS receivable	\$	7,132 - <u>32,942</u>	\$ 	9,940 2,411
	\$	40,074	\$	12,351

4. CAPITAL ASSETS

		2020			 2019
	Cost	 umulated ortization		Net Book Value	et Book Value
Motor vehicles Computer software Furniture and equipment	\$ 45,221 13,350 20,666	\$ 45,221 11,843 12,405	\$	- 1,507 8,261	\$ 1,492 2,536 7,593
	\$ 79,237	\$ 69,469	\$_	9,768	\$ 11,621

5. CREDIT FACILITIES

The organization has credit facilities in the form of corporate credit cards which total \$10,000 (\$10,000 in 2019), of which \$2,695 was utilized (\$6,670 in 2019). The balance owing is not overdue and is included in the accounts payable and accrued liabilities set out in the statement of financial position. During the year, the total interest paid was \$nil (\$nil in 2019).

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020	2019
Accounts Payable Accrued Liabilities Last Month Rent Deposit	\$ 11,7 33,4 2,0	64 11,436
	\$47,1	<u>87</u> \$ <u>19,654</u>

7. CHANGES IN DEFERRED REVENUE

During the year, the following changes occurred in the deferred revenue balance. The ending balance at September 30, 2020 is made up of the amounts shown.

Deferred revenue, beginning of year Donations and ticket revenue collected for gala October rental income collected in September Deferred revenue, end of year

2020	2019
\$ 5,135	\$ -
(5,135)	5,135
2,000	
\$ 2,000	\$ 5,135

8. RELATED PARTY TRANSACTIONS

(a) Related parties

The organization is affiliated with National Affiliates around the globe who all use the name Emmanuel International. These National Affiliates are: Emmanuel Relief and Rehabilitation International, El Malawi, El Brazil, El Australia, El United Kingdom, El Philippines, and El United States. The organization has partnership agreements with these National Affiliates to complete projects overseas.

(b) Administration Allocation

During the year, in addition to administration levies charged to projects, the organization charged administration levies totaling \$60,393 (2019 - \$118,101) to its affiliates for project administration services rendered. The breakdown of this amount is as follows:

\$6,717 (2019 - \$5,487) was received from EI UK projects

\$27,391 (2019 - \$71,781) was received from El Malawi projects

\$20,921 (2019 - \$36,881) was received from El Philippines projects

\$5,364 (2019 - \$3,952) was received from El Brazil projects

These amounts have been recorded at the exchange amount and have been agreed on between the two organizations and are shown on the income statement along with administration levies charged to the organization's own projects.

(c) Due from (to) affiliated organization

Affiliated organizations include Emmanual International national offices in various countries. Amounts receivable from (payable to) affiliated organizations are non-interest bearing with no fixed terms of repayment. The outstanding amounts are as follows:

	2020	2019
ERRI El Malawi	\$ (7,167) \$ 2,111	10,114 3,839
El United States	\$ 4,419 (637) \$	2,695 16,648

(d) Transfers to National Affiliates

The organization transfers funds periodically to national affiliates for various projects that the national affiliates administer. These funds are used for projects, as directed by the organization.

9. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at the statement of financial position date.

(i) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The organization is aware of its currency risk because of the fact that it has expenditures in various foreign currencies. The organization does not attempt to hedge currency risk through the purchase of financial instruments.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will change due to changes in market interest rates. The organization manages its investment portfolio based on its cash flow needs and with a view to optimizing its interest income.

(iii) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuers or factors affecting all instruments traded in the market. Market risk is the combination of currency risk, interest rate risk and other price risk. The organization's exposure to currency risk and interest rate risks are noted above. The organization's exposure to other price risks is minimal because their short term investments are guaranteed.

(iv) Credit risk

Credit risk is the risk that a third party will default on its obligation to the organization, causing the organization to incur a loss. Financial instruments which may subject the organization to credit risk consist of bank balances and accounts receivable. The maximum exposure to credit risk at the reporting date is the carrying amount of those instruments. The organization does not anticipate non-performance by counter-parties.

(v) Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable. At this time, the organization has more than adequate current assets to meet its ongoing payment obligations, therefore liquidity risk is minimal.

(vi) 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. The entity is not exposed to other price risk as it does not hold investments in quoted shares.