Financial Statements of

GLOBAL DISCIPLES CANADA

And Independent Auditors' Report thereon

Year ended June 30, 2019

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INDEPENDENT AUDITORS' REPORT

To the Members of Global Disciples Canada

Qualified Opinion

We have audited the financial statements of Global Disciples Canada (the "Entity"), which comprise:

- the statement of financial position as at June 30, 2019
- the statement of operations and changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the **"Basis for Qualified Opinion"** section of our auditors' report, the financial statements present fairly, in all material respects, the financial position of the Entity as at June 30, 2019 and its results of operations 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, the Entity derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Entity. Therefore, we are not able to determine whether any adjustments might be necessary to donation revenues and excess of revenue over expenses reported in the statement of operations and changes in net assets and statement of cash flows for the years ended June 30, 2019 and June 30, 2018, current assets in the statement of financial position as at the June 30, 2019 and June 30, 2018, and net assets reported in the statement of operations and changes in net assets, both at the beginning and end of the year, for the years ending June 30, 2019 and June 30, 2018. Our opinion on the financial statements for the year ended June 30, 2018 was qualified 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 **"Auditors' Responsibilities for the Audit of the Financial Statements"** section of our auditors' report.

We are independent of the Entity 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 qualified 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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 Entity'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 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 Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants

Abbotsford, Canada
October 5, 2019

GLOBAL DISCIPLES CANADA

Statement of Financial Position

June 30, 2019, with comparative information for 2018

		2019		2018
Assets				
Current assets:				
Cash	$	44,539	$	51,486
Accounts receivable		31,250		-
Government remittances recoverable		868		550
Prepaid expenses and deposits		2,050		-
	$	78,707	$	52,036
Liabilities and Net Assets				
Current liabilities:				
Accounts payable and accrued liabilities	$	6,000	$	6,794
Deferred revenue (note 3)		38,375		29,562
		44,375		36,356
Net assets		34,332		15,680
	$	78,707	$	52,036

See accompanying notes to financial statements.

Approved on behalf of the Board:

Director — Board Chair

Director — Treasurer

GLOBAL DISCIPLES CANADA

Statement of Operations and Changes in Net Assets

Year ended June 30, 2019, with comparative information for 2018

	2019	2018
Revenue:		
Donations - Canadian	$ 340,205	$ 201,315
Donations - U.S.	69,162	107,536
	409,367	308,851
Expenses:		
Advertising and promotion	1,903	1,491
Bank charges and interest	3,633	3,930
Board expenses	-	2,299
Fundraising	7,505	2,846
Honorariums and gifts	97	100
Joint Ministry Agreement contributions	135,941	68,000
Meeting expenses	192	1,537
Memberships	154	594
Office	3,506	2,217
Professional fees	12,185	10,619
Salaries and benefits	198,103	201,196
Telephone	738	798
Travel	25,209	47,864
Website development	1,549	1,954
	390,715	345,445
Excess (deficiency) of revenue over expenses	18,652	(36,594)
Net assets, beginning of year	15,680	52,274
Net assets, end of year	$ 34,332	$ 15,680

See accompanying notes to financial statements.

GLOBAL DISCIPLES CANADA

Statement of Cash Flows

Year ended June 30, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	$ 18,652	$ (36,594)
Change in non-cash operating working capital:		
Accounts receivable	(31,250)	-
Government remittances recoverable	(318)	(207)
Prepaid expenses and deposits	(2,050)	-
Accounts payable and accrued liabilities	(794)	1,294
Deferred revenue	8,813	20,314
Decrease in cash	(6,947)	(15,193)
Cash, beginning of year	51,486	66,679
Cash, end of year	$ 44,539	$ 51,486

See accompanying notes to financial statements.

1. Nature of operations:

Global Disciples Canada (the “Entity”) exists to preach and advance the teachings of the Christian faith and the religious tenets, doctrines and observances by providing consultation, instructional material, curriculum development and best practices and to propagate the Christian faith by training Christian disciples and sending them on ministry/outreach projects.

The Entity is incorporated under the Canada Corporations Act as a not-for-profit organization and is classified as a tax exempt not-for-profit organization and as a charity under the Income Tax Act (Canada) and, accordingly, is not subject to income taxes.

2. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Revenue recognition:

The Entity follows the deferral method of accounting for contributions, which includes donations.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions originating in foreign currencies are translated to Canadian dollars at the exchange rate in effect at the date of the transaction.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a basis and rate corresponding with the amortization expense for the related capital assets.

Gifts-in-kind are valued at their estimated fair value at the time the contribution is made when a fair value can be determined and the Entity would otherwise have purchased the items.

(b) Contributed services:

Volunteers contribute an undetermined number of hours per year to assist the Entity in the delivery of program and services. Due to the difficulty in determining the fair value of volunteer hours, contributed services are not recognized in the financial statements.

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Entity has not elected to carry any such financial instruments at fair value.

2. Significant accounting policies (continued):

(c) Financial instruments (continued):

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets carried at cost or amortized cost are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Entity determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Entity expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(d) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

3. Deferred revenue:

	Balance, beginning of year	Amounts received	Amounts recognized as revenue	Balance, end of year
Director travel expenses	$ 29,562	$ 31,983	$ 23,170	$ 38,375

4. Financial risks and concentrations of risks:

Management is of the opinion that the Entity is not exposed to any significant unusual or non-routine liquidity, credit, market, currency, interest rate or other price risks or concentrations of risk resulting from its financial instruments.

There has been no change to the risk exposures from the prior year.