
**LANGHAM PARTNERSHIP OF CANADA FOR
GLOBAL CHRISTIAN EDUCATION, INC.
FINANCIAL STATEMENTS
JUNE 30, 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members of
Langham Partnership of Canada for Global Christian Education, Inc.
SCARBOROUGH
Ontario

Qualified Opinion

We have audited the accompanying financial statements of Langham Partnership of Canada for Global Christian Education, Inc. which comprise the statement of financial position as at June 30, 2020 and the statement of operations, statement of changes in fund balances and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the 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 the entity as at June 30, 2020 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.

Basis for Qualified Opinion

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 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 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.

As is common with many charitable organizations, Langham Partnership of Canada for Global Christian Education, Inc. derives part of its revenues in the form of receiptable and non-receiptable contributions, which are not susceptible to complete audit verification. Accordingly, our verification of revenue from this source was limited to the amounts recorded in the records of Langham Partnership of Canada for Global Christian Education, Inc. and we were not able to determine whether any adjustments might be necessary to revenues, excess (deficiency) of revenues over expenses, assets, and fund balances.

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 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.

Auditor's 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 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 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 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 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.

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.



NORTON McMULLEN LLP

Chartered Professional Accountants, Licensed Public Accountants

MARKHAM, Canada

December 8, 2020

LANGHAM PARTNERSHIP OF CANADA FOR GLOBAL CHRISTIAN EDUCATION, INC.
STATEMENT OF FINANCIAL POSITION

As at June 30,

2020

2019

	General Fund	Majority World Scholars Fund	Wycliffe College Scholars Fund	Total	Total
ASSETS					
Current					
Cash and cash equivalents - unrestricted (Note 2)	\$ 187,679	\$ -	\$ -	\$ 187,679	\$ 211,698
Cash and cash equivalents - restricted (Note 2)	122,816	3,834	44,400	171,050	175,382
Short-term investments (Note 3)	180,000	175,000	-	355,000	340,000
HST refundable	2,076	-	-	2,076	2,728
Government subsidies receivable (Note 4)	13,552	-	-	13,552	-
Interest receivable	3,029	-	-	3,029	3,407
Prepaid expenses	5,390	-	-	5,390	2,068
	<u>\$ 514,542</u>	<u>\$ 178,834</u>	<u>\$ 44,400</u>	<u>\$ 737,776</u>	<u>\$ 735,283</u>

LIABILITIES

Current Liabilities

Accounts payable and accrued liabilities	\$ 6,681	\$ -	\$ -	\$ 6,681	\$ 4,764
Government remittances payable	2,214	-	-	2,214	-
Deferred contributions (Note 5)	6,726	-	-	6,726	9,292
	<u>\$ 15,621</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,621</u>	<u>\$ 14,056</u>

FUND BALANCES

General Fund - unrestricted	\$ 382,831	\$ -	\$ -	\$ 382,831	\$ 380,137
General Fund - internally restricted (Note 6)	116,090	-	-	116,090	166,090
Majority World Scholars Fund	-	178,834	-	178,834	175,000
Wycliffe College Scholars Fund	-	-	44,400	44,400	-
	<u>\$ 498,921</u>	<u>\$ 178,834</u>	<u>\$ 44,400</u>	<u>\$ 722,155</u>	<u>\$ 721,227</u>
	<u>\$ 514,542</u>	<u>\$ 178,834</u>	<u>\$ 44,400</u>	<u>\$ 737,776</u>	<u>\$ 735,283</u>

Commitments (Note 7)

Approved by the Board:

Director

Director

LANGHAM PARTNERSHIP OF CANADA FOR GLOBAL CHRISTIAN EDUCATION, INC.
STATEMENT OF CHANGES IN FUND BALANCES

For the year ended June 30,

2020

2019

	General Fund	Majority World Scholars Fund	Wycliffe College Scholars Fund	Total	Total
BALANCE - Beginning	\$ 546,227	\$ 175,000	\$ -	\$ 721,227	\$ 521,258
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>(47,306)</u>	<u>3,834</u>	<u>44,400</u>	<u>928</u>	<u>199,969</u>
BALANCE - Ending	<u>\$ 498,921</u>	<u>\$ 178,834</u>	<u>\$ 44,400</u>	<u>\$ 722,155</u>	<u>\$ 721,227</u>

See accompanying notes

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LANGHAM PARTNERSHIP OF CANADA FOR GLOBAL CHRISTIAN EDUCATION, INC.
STATEMENT OF OPERATIONS

For the year ended June 30,

2020

2019

	General Fund	Majority World Scholars Fund	Wycliffe College Scholars Fund	Total	Total
REVENUES					
Contributions	\$ 211,625	\$ -	\$ 44,400	\$ 256,025	\$ 318,267
Government subsidies (Note 4)	13,552			13,552	-
Interest income	8,970	3,834	-	12,804	7,623
Book sales	312	-	-	312	1,351
Bequests	-	-	-	-	145,667
Event income	-	-	-	-	335
	<u>\$ 234,459</u>	<u>\$ 3,834</u>	<u>\$ 44,400</u>	<u>\$ 282,693</u>	<u>\$ 473,243</u>
EXPENSES					
Programs					
Bursaries	\$ 49,373	\$ -	\$ -	\$ 49,373	\$ 64,798
Preaching	30,241	-	-	30,241	37,462
Literature	20,274	-	-	20,274	22,763
Administrative					
Salaries and benefits	85,887	-	-	85,887	78,934
Capital campaign	25,026	-	-	25,026	-
Professional fees	17,891	-	-	17,891	4,226
International dues	14,957	-	-	14,957	16,129
Communication support	13,805	-	-	13,805	13,508
Office and general	8,377	-	-	8,377	12,009
Fundraising and meetings	6,508	-	-	6,508	14,374
Rent	3,720	-	-	3,720	3,720
Bank charges and fees	3,489	-	-	3,489	2,846
Insurance	1,285	-	-	1,285	1,056
Book purchases	490	-	-	490	1,449
Continuing education	442	-	-	442	-
	<u>\$ 281,765</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 281,765</u>	<u>\$ 273,274</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ (47,306)</u>	<u>\$ 3,834</u>	<u>\$ 44,400</u>	<u>\$ 928</u>	<u>\$ 199,969</u>

See accompanying notes

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LANGHAM PARTNERSHIP OF CANADA FOR GLOBAL CHRISTIAN EDUCATION, INC.
STATEMENT OF CASH FLOWS

For the year ended June 30,

2020

2019

CASH AND CASH EQUIVALENTS WERE PROVIDED BY (USED IN):

OPERATING ACTIVITIES

Excess of revenues over expenses	\$ <u>928</u>	\$ <u>199,969</u>
Net change in non-cash working capital balances:		
HST refundable	\$ 652	\$ (1,846)
Government subsidies receivable	(13,552)	-
Interest receivable	378	(1,558)
Prepaid expenses	(3,322)	(1,758)
Accounts payable and accrued liabilities	1,917	964
Government remittances payable	2,214	-
Deferred contributions	(2,566)	8,192
	<u>\$ (14,279)</u>	<u>\$ 3,994</u>
	\$ (13,351)	\$ 203,963

INVESTING ACTIVITIES

Purchase of short-term investments, net of redemptions	<u>(15,000)</u>	<u>(140,000)</u>
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INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

\$ (28,351) \$ 63,963

CASH AND CASH EQUIVALENTS - Beginning

387,080 323,117

CASH AND CASH EQUIVALENTS - Ending

\$ 358,729 \$ 387,080

Cash and cash equivalents consist of the following:

Unrestricted cash and cash equivalents	\$ 187,679	\$ 211,698
Restricted cash and cash equivalents	171,050	175,382
	<u>\$ 358,729</u>	<u>\$ 387,080</u>

LANGHAM PARTNERSHIP OF CANADA FOR GLOBAL CHRISTIAN EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

PURPOSE OF THE ORGANIZATION

Langham Partnership of Canada for Global Christian Education, Inc. (the “Organization”) is incorporated without share capital under the laws of Ontario and is engaged in raising funds in Canada to help equip the Church in the Majority World. The Organization is a registered charity under the Income Tax Act (Canada) and, accordingly, is exempt from income taxes.

The mission of the Organization is to pursue its vision by equipping a new generation of Bible teachers in these three areas:

Scholars: Provide financial support for evangelical students from the Majority World to pursue doctoral studies in leading seminaries and universities around the world and to prepare them for positions of academic and ministry leadership.

Literature: Provide evangelical resources in multiple languages through grants and distribution, and foster the indigenous creation of resources through sponsored editing and writing and publisher development.

Preaching: Partner with national leaders to nurture indigenous preaching movements for pastors and lay preachers in the Majority World. This partnership provides practical on-site support for preachers by organizing training seminars, providing resources, encouraging preachers’ groups and building local movements committed to expository preaching.

1. SIGNIFICANT ACCOUNTING POLICIES

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

a) Fund Accounting

Resources are classified into funds according to the activity or objective specified as follows:

i) General Fund

The General Fund accounts for operations and programs of the Organization. Unrestricted contributions and other revenues are reported in this fund.

Unrestricted

The balance of unrestricted funds represents the accumulated excess of unrestricted contributions over related expenses.

LANGHAM PARTNERSHIP OF CANADA FOR GLOBAL CHRISTIAN EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

1. **SIGNIFICANT ACCOUNTING POLICIES** - Continued

i) **General Fund** - Continued

Internally Restricted

The internally restricted funds include amounts internally restricted by the Board of Directors for special ministry purposes. These funds cannot be used without the prior approval of the Board of Directors.

ii) **Majority World Scholars Fund**

The Majority World Scholars Fund is an externally restricted fund to provide scholarships for Langham Scholars studying in doctoral programs in theology at Majority World seminaries.

iii) **Wycliffe College Scholars Fund**

The Wycliffe College Scholars Fund is an externally restricted fund to provide scholarships for Langham Scholars studying in doctoral programs in theology at Wycliffe College, University of Toronto.

b) **Revenue Recognition**

The Organization follows the restricted fund method of accounting for contributions. Externally restricted contributions are recognized as revenue in the fund corresponding to the purpose for which they were contributed. Unrestricted contributions are recognized as revenue in the General Fund. Restricted contributions for which there is no fund are accounted for using the deferral method.

Interest income is recognized as revenue when earned. Book sales are recognized as revenue when sales proceeds are received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Event income is recognized as revenue when events are held.

c) **Cash and Cash Equivalents**

Cash and cash equivalents consist of cash held in the Organization's bank account, and short-term cashable GICs that are readily convertible to known amounts of cash.

d) **Contributed Services**

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

LANGHAM PARTNERSHIP OF CANADA FOR GLOBAL CHRISTIAN EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

1. **SIGNIFICANT ACCOUNTING POLICIES** - Continued

e) **Financial Instruments**

Measurement of Financial Instruments

The Organization initially measures its financial assets and financial liabilities at fair value. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and cash equivalents, short-term investments, and interest receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The Organization has no financial assets measured at fair value and has not elected to carry any financial asset or liability at fair value.

Impairment

Financial assets measured at amortized cost are tested for impairment when events or circumstances indicate possible impairment. Write-downs, if any, are recognized in excess of revenues over expenses and may be subsequently reversed to the extent that the net effect after the reversal is the same as if there had been no write-down. There are no impairment indicators in the current year.

2. **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of the following:

	2020	2019
Cash	\$ 168,729	\$ 167,080
Cashable GIC, maturing April 2021, bearing interest at 1.15% per annum	90,000	-
Cashable GIC, maturing April 2021, bearing interest at 1.15% per annum	50,000	-
Cashable GIC, maturing April 2021, bearing interest at 1.35% per annum	50,000	-
Cashable GIC, matured March 2020, bearing interest at bank prime less 1.8% per annum	-	220,000
	<u>\$ 358,729</u>	<u>\$ 387,080</u>

LANGHAM PARTNERSHIP OF CANADA FOR GLOBAL CHRISTIAN EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

3. SHORT-TERM INVESTMENTS

Short-term investments consist of the following:

	2020	2019
GIC, maturing April 2021, bearing interest at 1.5% per annum	\$ 140,000	\$ -
GIC, maturing April 2021, bearing interest at 1.5% per annum	125,000	
GIC, maturing August 2020, bearing interest at 2.1% per annum	90,000	-
GIC, matured March 2020, bearing interest at 2.5% per annum		140,000
GIC, matured March 2020, bearing interest at 2.5% per annum		100,000
GIC, matured March 2020, bearing interest at 2.5% per annum	-	100,000
	<u>\$ 355,000</u>	<u>\$ 340,000</u>

4. GOVERNMENT SUBSIDIES RECEIVABLE

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. This situation has caused some uncertainty regarding the Organization's future cash flows as travel restrictions, social distancing measures, and financial market volatility have affected the Organization's ability to connect with donors. The Organization has sought to reduce this uncertainty and has engaged with donors in various ways utilizing technology. As of the date of the independent auditor's report, it is impracticable for the Organization to estimate this impact on future operations.

During the year, the Organization applied for \$13,552 in wage subsidies related to the federal government's COVID-19 relief programs. At year-end, \$13,552 was receivable from the government.

5. DEFERRED CONTRIBUTIONS

Deferred contributions consist of the following:

	2020	2019
Scholarships	\$ 5,426	\$ 8,027
Literature	1,300	100
Preaching	-	1,165
	<u>\$ 6,726</u>	<u>\$ 9,292</u>

LANGHAM PARTNERSHIP OF CANADA FOR GLOBAL CHRISTIAN EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

6. INTERNALLY RESTRICTED GENERAL FUND

In 2018, the Board decided to set aside funds from a prior bequest with the intent to help fund the expenses associated with the National Director's position over the next few years. During the year, \$50,000 (2019 - \$78,934) was transferred from the internally restricted general fund to the unrestricted general fund to cover a portion of the expenses associated with the National Director's position. The remainder of the expenses were covered by the unrestricted general fund.

In addition, during the year, the Board decided to set aside \$50,000 to possibly loan to Langham Partnership UKI for a building project. Langham Partnership UKI has since confirmed that adequate financing is in place in the United Kingdom, and no call will be made to other members for loans towards the project. Hence no reserve has been set up within the internally restricted general fund.

The balance in internally restricted general fund as of June 30, 2020 is \$116,090 (2019 - \$166,090).

7. COMMITMENTS

The Organization has entered into a lease agreement for its premises, expiring January 21, 2021 with one option to renew for one additional year. Future minimum annual rental payments until the expiry date are as follows:

2021	<u>\$ 2,170</u>
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LANGHAM PARTNERSHIP OF CANADA FOR GLOBAL CHRISTIAN EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

8. FINANCIAL INSTRUMENTS

Risks and Concentrations

The Organization is exposed to various risks through its financial instruments. The following analysis provides a summary of the Organization's exposure to and concentrations of risk at June 30, 2020:

a) **Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. The Organization is not exposed to significant credit risk.

b) **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 with respect to its accounts payable and accrued liabilities. The Organization manages this risk by generating sufficient cash flow from operations and other fundraising initiatives to ensure prompt discharge of its obligations. There has been no change in the assessment of liquidity risk from the prior year.

c) **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: currency risk, interest rate risk, and price risk. The Organization is mainly exposed to interest rate risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As described in Notes 2 and 3, the Organization is exposed to interest rate risk with respect to its cashable and non-cashable GIC's. The exposure to this risk is mitigated by the fact that the GIC's have fixed rates of return.