

The Samaritan's Purse - Canada

Consolidated Financial Statements
December 31, 2014



May 30, 2015

Independent Auditor's Report

To the Members of The Samaritan's Purse - Canada

We have audited the accompanying consolidated financial statements of The Samaritan's Purse - Canada, which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statement of operations and changes in fund balances and cash flows for the year then ended and the related notes, which comprise 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 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.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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

Basis for qualified opinion

In common with many not-for-profit organizations The Samaritan's Purse - Canada 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 Samaritan's Purse - Canada. Therefore, we were not able to determine whether any adjustments might be necessary to contributions and gifts in kind, excess (deficiency) of revenue over expenditures, and cash flows from operations for the years ended December 31, 2014 and December 31, 2013, current assets as at December 31, 2014 and December 31, 2013, and fund balances as at January 1 and December 31 for both 2014 and 2013 years. Our audit opinion on the financial statements for the year ended December 31, 2013 was modified accordingly because of the possible effects of this limitation in scope.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of The Samaritan's Purse - Canada as at December 31, 2014 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.


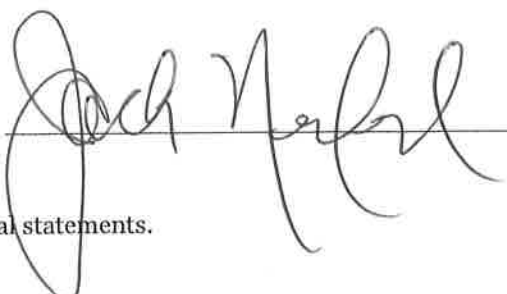
PricewaterhouseCoopers LLP

Chartered Accountants

The Samaritan's Purse - Canada
 Consolidated Statement of Financial Position
 As at December 31, 2014

	2014 \$	2013 \$
Assets		
Current		
Cash	8,755,387	5,085,462
Short-term investments (note 3)	5,789,575	9,156,095
Accounts receivable (note 4)	577,540	629,372
Prepaid expenses	125,536	192,974
Inventory	292,043	287,019
	15,540,081	15,350,922
Investments (note 3)	7,392,565	7,594,904
Capital assets (note 5)	6,695,282	6,674,129
	29,627,928	29,619,955
Liabilities		
Current		
Accounts payable and accrued liabilities (notes 4 and 6)	1,502,062	1,964,404
Fund balances		
Unrestricted	6,855,089	6,603,021
Internally restricted – invested in capital assets	6,695,282	6,674,129
Externally restricted (note 7)	14,575,495	14,378,401
	28,125,866	27,655,551
	29,627,928	29,619,955
Commitments (note 11)		

Approved by the Board of Directors


 _____ Director
 
 _____ Director

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

The Samaritan's Purse - Canada

Consolidated Statement of Operations and Changes in Fund Balances

For the year ended December 31, 2014

				2014	2013
	General Fund \$	Capital Fund \$	Ministry Fund \$	Total \$	Total \$
Revenue					
Contributions (note 8)	7,965,190	-	24,981,066	32,946,256	30,516,799
Gifts in kind (note 9)	104,613	-	29,504,757	29,609,370	29,449,162
Investment income	380,339	-	4,603	384,942	322,936
Gain (loss) on sale of capital assets	50	(1,350)	-	(1,300)	-
	<u>8,450,192</u>	<u>(1,350)</u>	<u>54,490,426</u>	<u>62,939,268</u>	<u>60,288,897</u>
Expenditures					
Ministry expenses	-	-	49,492,882	49,492,882	43,902,071
Other missionary projects and supporting services	3,345,809	214,024	3,875,407	7,435,240	6,169,893
	<u>3,345,809</u>	<u>214,024</u>	<u>53,368,289</u>	<u>56,928,122</u>	<u>50,071,964</u>
Fundraising	1,144,386	-	588,167	1,732,553	1,961,584
General and administrative support for ministries	1,598,342	206,036	2,003,900	3,808,278	3,587,392
	<u>6,088,537</u>	<u>420,060</u>	<u>55,960,356</u>	<u>62,468,953</u>	<u>55,620,940</u>
Excess (deficiency) of revenue over expenditures	2,361,655	(421,410)	(1,469,930)	470,315	4,667,957
Fund balance – Beginning of year	6,603,021	6,674,129	14,378,401	27,655,551	22,987,594
Inter fund transfer to Ministry Fund	(1,670,324)	-	1,670,324	-	-
Inter fund transfer – capital asset purchases	(439,263)	442,563	(3,300)	-	-
Fund balance – End of year	<u>6,855,089</u>	<u>6,695,282</u>	<u>14,575,495</u>	<u>28,125,866</u>	<u>27,655,551</u>

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

The Samaritan's Purse - Canada

Consolidated Statement of Cash Flows

For the year ended December 31, 2014

	2014 \$	2013 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures	470,315	4,667,957
Items not affecting cash		
Amortization	420,060	372,096
Gift in kind – capital asset	-	(193,622)
Net loss on sale of capital assets	1,300	-
	<u>891,675</u>	<u>4,846,431</u>
Changes in non-cash working capital		
Accounts receivable	51,832	(127,281)
Prepaid expenses	67,438	(107,505)
Inventory	(5,024)	(168,171)
Accounts payable	(462,342)	229,758
	<u>543,579</u>	<u>4,673,232</u>
Investing activities		
Purchase of capital assets	(442,563)	(1,029,903)
Purchase of investments	(11,821,031)	(9,669,499)
Proceeds on sale of investments	15,389,890	4,255,112
Proceeds on sale of capital assets	50	-
	<u>3,126,346</u>	<u>(6,444,290)</u>
Increase (decrease) in cash	3,669,925	(1,771,058)
Cash – Beginning of year	5,085,462	6,856,520
Cash – End of year	8,755,387	5,085,462

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

The Samaritan's Purse - Canada

Notes to Consolidated Financial Statements

December 31, 2014

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 Christian relief organization whose purpose is to aid in the spreading of the Gospel of Jesus Christ to the utmost parts of the world, to serve the church of Jesus Christ in its total ministry, and to exemplify Christianity by acts and deeds patterned after the Good Samaritan (Luke 10). The Organization does this by meeting the physical needs of victims of war, poverty, natural disasters, and disease. The Organization distributes gifts in kind such as gift-filled shoeboxes, and medical supplies and equipment in countries where there is need.

The Organization is a registered charity under the Income Tax Act 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 center in northern British Columbia. The ministry center will be the base of the Organization's evangelistic work in the area, with a focus on reaching the community through food hospitality and events related to sports, music, and training seminars. The building purchased previously housed a restaurant and kitchen facilities which will be used to facilitate the ministry plan and operation of a small restaurant to support evangelistic outreach in the community. The Organization registered the Company to operate the restaurant. The Company will rent space from the Organization, and finance its operations through serving meals to customers.

As at December 31, 2014, the restaurant had not yet commenced operations, and accordingly the activity of the Company for the year ended December 31, 2014 was insignificant.

2 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 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 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 financial statements. Significant estimates included in financial statements are useful life of capital assets, accruals and valuation of gifts in kind.

The Samaritan's Purse - Canada
Notes to Consolidated Financial Statements
December 31, 2014

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 difficulty in determining their value, these contributed services are not recognized in the financial statements.

Investments

Fixed income investments 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.

Equity investments 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 Statement of Operations in the General Fund. Transaction costs are expensed as incurred.

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

The Samaritan's Purse - Canada

Notes to Consolidated Financial Statements

December 31, 2014

Inventory

Inventory is comprised of 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 Statement of Operations.

Capital assets

Capital assets are recorded at cost. Donated capital assets are recorded at fair value at the date of contribution. Amortization is recorded using the straight line method over the following estimated useful lives:

Building	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

Financial instruments

The Organization initially measures financial assets and financial liabilities at their fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost, other than equity investments 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 fixed income investments. The financial liabilities measured at amortized cost consist of accounts payable and accrued liabilities.

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

a) 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.

The Samaritan's Purse - Canada
Notes to Consolidated Financial Statements
December 31, 2014

b) 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.

c) 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.

d) 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 United States 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.

Comparative figures

Certain of the prior year's figures have been reclassified to conform to the current year's presentation.

3 Investments

	2014	
	Carrying value \$	Fair Market Value \$
Government and corporate bonds	12,132,929	12,143,740
GICs	1,046,650	1,046,650
Canadian equities	2,561	2,565
	<u>13,182,140</u>	<u>13,192,955</u>

The Samaritan's Purse - Canada
Notes to Consolidated Financial Statements
December 31, 2014

	2013	
	Carrying value \$	Fair Market Value \$
Government and corporate bonds	15,730,654	15,665,869
GICs	1,020,345	1,020,345
	16,750,999	16,686,214

Government and Corporate Bonds have effective interest rates ranging from 1.85% to 5.599% and mature between 2014 and 2023. The amount maturing in the next fiscal year is \$5,789,575 (2013 – \$8,058,318).

Included in investment income for the year ended December 31, 2014 is a foreign exchange gain of \$53,932 (2013 – \$25,632 foreign exchange gain).

4 Related party transactions

a) 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, 2014, are amounts receivable from BGEA – Canada of \$25,916 (2013– \$76,468). Included in accounts payable as at December 31, 2014 is an amount payable to BGEA – Canada of \$195 (2013 – \$48,258). These operating amounts are subject to normal trade terms and are included in the respective accounts receivable balances and accounts payable balances. During the year, the Organization and BGEA – Canada paid reimbursable expenses on behalf of each other.

b) Affiliated

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

Included in accounts receivable, as at December 31, 2014 are amounts receivable from Samaritan's Purse Inc. of \$5,564 (2013 – \$280,013). Included in accounts payable, as at December 31, 2014, is an amount payable to Samaritan's Purse Inc. of \$316,310 (2013 – \$456,952). These operating amounts are subject to normal trade terms and are included in the respective accounts receivable and accounts payable balances. 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.

The Samaritan's Purse - Canada
Notes to Consolidated Financial Statements
December 31, 2014

5 Capital assets

			2014	2013
	Cost \$	Accumulated amortization \$	Net book Value \$	Net book value \$
Land	1,509,146	-	1,509,146	1,509,146
Building	5,684,889	1,313,787	4,371,102	4,484,295
Computer equipment and software	1,009,863	764,712	245,151	96,170
Office furniture and equipment	985,591	870,968	114,623	62,390
Automobiles	641,469	266,148	375,321	420,335
Project equipment	395,137	315,198	79,939	101,793
	<u>10,226,095</u>	<u>3,530,813</u>	<u>6,695,282</u>	<u>6,674,129</u>

During the year, amortization in the amount of \$420,060 (2013 – \$372,096) was recorded in the Capital Fund.

Capital assets in the amount of \$nil (2013 – \$193,622) were donated to the Organization and recorded in the Capital Fund.

6 Government remittances payable

As at December 31, 2014, the amount of government remittances payable was \$1,485 (2013 – \$649).

The Samaritan's Purse - Canada

Notes to Consolidated Financial Statements

December 31, 2014

7 Externally restricted

The externally restricted fund balance consists of the following contributions restricted by donors for the programs or locations that were not spent as at December 31, 2014:

	2014 \$	2013 \$
Programs		
Southern Alberta Flood Relief	1,816,915	2,082,970
Operation Christmas Child	1,743,986	2,234,432
Typhoon Haiyan Relief	1,590,416	2,821,540
Ebola response	1,526,330	-
Water projects	1,434,694	1,750,178
Other	1,108,146	825,653
Food	627,483	652,329
Children's care and education	528,372	269,319
Agriculture and livelihood	445,778	442,841
Evangelism	340,276	317,086
Women's projects	233,363	151,187
Medical needs	161,160	345,952
World Medical Mission	157,645	170,142
Sahel Food Crisis Relief	-	138,623
Northern Canada Outreach	-	134,402
Horn of Africa Famine Relief	-	115,959
Locations		
Middle East	1,173,807	67,340
South Sudan	324,875	431,958
Liberia	280,557	-
Democratic Republic of Congo	193,678	-
Haiti	190,288	584,966
Africa	165,308	218,179
Nicaragua	107,068	91,788
Costa Rica	91,875	142,259
Nepal	88,992	97,768
Mexico	68,968	56,800
Cambodia	62,709	65,053
Asia	49,983	12,127
Europe	33,564	2,760
Central and South America	29,259	70,821
Ethiopia	-	58,969
Laos	-	25,000
	<u>14,575,495</u>	<u>14,378,401</u>

8 Government contributions

Contributions include federal government contributions totalling \$5,068,799 (2013 – \$392,128) from the Department of Foreign Affairs, Trade and Development.

The Samaritan's Purse - Canada
Notes to Consolidated Financial Statements
December 31, 2014

9 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 which are valued and recorded at their estimated fair market values.

10 Statutory disclosures

As required by Section 7(2) of the Charitable Fundraising Regulation of Alberta, the Organization discloses that it paid \$519,234 in 2014 to employees whose principle duties involved fundraising (2013 – \$529,263).

11 Commitments

The Organization is committed to a continuation of funding of approved ministry projects as at December 31, 2014 in the amount of \$6,266,865.

The Samaritan's Purse - Canada

Consolidated Consolidated Schedule of Ministry Expenses

(unaudited)

For the year ended December 31, 2014

	2014	2013
	\$	\$
Emergency response	7,753,658	1,776,074
Water and sanitation	3,837,970	4,447,618
Family health and nutrition	1,468,423	1,248,510
Livelihood training and support	928,312	898,571
Mission teams	905,602	994,744
Church and community mobilization	766,382	638,241
Children –care and support	454,819	268,275
Assistance for women	413,233	848,956
Education and literacy	221,737	255,349
Medical training and infrastructure	100,493	75,722
Evangelism and discipleship	72,189	904,898
HIV/AIDS and other disease projects	55,351	124,763
Development and training	10,895	134,996
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	16,989,064	12,616,717
Operation Christmas Child	32,205,982	31,125,601
World Medical Mission	297,836	159,753
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	49,492,882	43,902,071
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