

**FOI GOSPEL MINISTRY INC.**

**Financial Statements**

**December 31, 2020**

**FOI GOSPEL MINISTRY INC.**  
**Index to Financial Statements**  
**Year Ended December 31, 2020**

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## INDEPENDENT AUDITOR'S REPORT

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To the Directors of FOI Gospel Ministry Inc.

### *Opinion*

We have audited the financial statements of FOI Gospel Ministry Inc. (the "Ministry"), which comprise the statement of financial position as at December 31, 2020, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Ministry as at December 31, 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 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 Ministry 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Other Matter*

The financial statements for the year ended December 31, 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements dated June 4, 2020.

### *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 Ministry'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 the Ministry or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Ministry's financial reporting process.

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*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 Ministry'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 Ministry'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 Ministry 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.

*Hogg, Shain & Scheck PC*

Toronto, Ontario  
June 4, 2021

Authorized to practise public accounting by the  
Chartered Professional Accountants of Ontario

**FOI GOSPEL MINISTRY INC.**

**Statement of Financial Position**

**As at December 31, 2020**

	2020	2019
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 180,867	\$ 76,719
Accounts receivable <i>(Note 10)</i>	10,363	100
Harmonized Sales Tax recoverable	23,861	25,920
Inventory	43,696	41,685
Prepaid expenses	4,655	16,107
	<u>263,442</u>	160,531
<b>INVESTMENTS <i>(Note 3)</i></b>	<b>1,984,051</b>	1,898,245
<b>EQUIPMENT <i>(Note 4)</i></b>	<b>14,378</b>	17,128
<b>TOTAL ASSETS</b>	<b>\$ 2,261,871</b>	<b>\$ 2,075,904</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities <i>(Note 5)</i>	\$ 160,614	\$ 139,273
Deferred revenues <i>(Note 6)</i>	121,912	62,824
<b>TOTAL LIABILITIES</b>	<b>282,526</b>	202,097
<b>NET ASSETS</b>		
<b>UNRESTRICTED</b>	<b>1,979,345</b>	1,873,807
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,261,871</b>	<b>\$ 2,075,904</b>
<b>COMMITMENT <i>(Note 9)</i></b>		

**APPROVED ON BEHALF OF THE BOARD**

\_\_\_\_\_ *Director*

\_\_\_\_\_ *Director*

*See the accompanying notes to these financial statements*

**FOI GOSPEL MINISTRY INC.**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2020**

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	<b>2020</b>	2019
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>\$ 1,873,807</b>	\$ 2,035,402
Excess (deficiency) of revenues over expenses	<u>105,538</u>	<u>(161,595)</u>
<b>NET ASSETS - END OF YEAR</b>	<b><u>\$ 1,979,345</u></b>	<b><u>\$ 1,873,807</u></b>

*See the accompanying notes to these financial statements*

**FOI GOSPEL MINISTRY INC.**

**Statement of Operations**

**Year Ended December 31, 2020**

	2020	2019
<b>REVENUES</b>		
<b>Support</b>		
General ministry contributions	\$ 827,209	\$ 604,545
Field ministry contributions	114,962	259,213
Legacies	96,289	107,529
Gifts-in-kind	20,734	19,806
Total support	<u>1,059,194</u>	<u>991,093</u>
<b>Earned</b>		
Ministry, publications, audio and video	97,724	95,969
Conference and special functions	336	38,454
Interest and dividends	57,852	37,476
Other	-	126
Total earned	<u>155,912</u>	<u>172,025</u>
	<u>1,215,106</u>	<u>1,163,118</u>
<b>OPERATING EXPENSES (Schedule 1)</b>		
<b>Programs</b>		
Field ministries	376,607	492,193
Publication ministries	247,220	271,831
Outreach ministries	115,675	70,091
Education conference and other ministries	14,469	106,614
Total programs	<u>753,971</u>	<u>940,729</u>
<b>Support services</b>		
Management and general	313,604	417,189
Fundraising	104,327	118,398
Total support services	<u>417,931</u>	<u>535,587</u>
	<u>1,171,902</u>	<u>1,476,316</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER OPERATING EXPENSES</b>	<u>43,204</u>	<u>(313,198)</u>
<b>OTHER REVENUES (EXPENSES)</b>		
Realized and unrealized gain on investments	52,302	151,603
Government assistance (Note 10)	10,032	-
	<u>62,334</u>	<u>151,603</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<u>\$ 105,538</u>	<u>\$ (161,595)</u>

See the accompanying notes to these financial statements

**FOI GOSPEL MINISTRY INC.****Statement of Cash Flows****Year Ended December 31, 2020**

	2020	2019
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses	\$ 105,538	\$ (161,595)
Items not affecting cash:		
Amortization	6,250	8,015
Unrealized gain on investments	(57,433)	58,663
	<u>54,355</u>	<u>(94,917)</u>
Changes in non-cash working capital:		
Accounts receivable	(10,263)	(100)
Harmonized Sales Tax recoverable	2,059	(1,069)
Inventory	(2,011)	727
Prepaid expenses	11,452	(11,067)
Accounts payable and accrued liabilities	21,341	(54,459)
Deferred revenues	59,088	6,908
	<u>81,666</u>	<u>(59,060)</u>
Cash flow from (used by) operating activities	<u>136,021</u>	<u>(153,977)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of equipment	(3,500)	(7,961)
Proceeds from sale of investments	(373,247)	(175,306)
Purchase of investments	344,874	137,258
Cash flow used by investing activities	<u>(31,873)</u>	<u>(46,009)</u>
<b>INCREASE (DECREASE) IN CASH</b>	<b>104,148</b>	<b>(199,986)</b>
<b>CASH - BEGINNING OF YEAR</b>	<u>76,719</u>	<u>276,705</u>
<b>CASH - END OF YEAR</b>	<u>\$ 180,867</u>	<u>\$ 76,719</u>

*See the accompanying notes to these financial statements*



**FOI GOSPEL MINISTRY INC.**

**Statement of Activities**

*(Schedule 1)*

**Year Ended December 31, 2020**

	Outreach Ministries	Publication Ministries	Field Ministries	Education Conferences and Other Ministries	Total Program	Management and General	Fundraising	Total Supporting Services	Total
Salaries	\$ 21,442	\$ 19,497	\$ 182,395	\$ -	\$ 223,334	\$ 134,299	\$ 70,016	\$ 204,315	\$ 427,649
Cost of goods sold <i>(Note 5)</i>	9,438	150,984	-	-	160,422	-	-	-	160,422
Joint Ministries <i>(Note 5)</i>	10,685	10,961	84,146	-	105,792	37,599	5,792	43,391	149,183
Ministry expenditures	60,021	-	8,860	-	68,881	-	-	-	68,881
Occupancy	4,732	26,271	10,664	-	41,667	24,481	2,366	26,847	68,514
Travel	-	-	38,405	50	38,455	2,119	13,035	15,154	53,609
Office supplies and services	-	1,823	14,721	3,145	19,689	22,530	4,013	26,543	46,232
Postage and mailings	-	32,637	2,308	5,978	40,923	2,576	227	2,803	43,726
Professional fees	-	-	-	-	-	38,330	-	38,330	38,330
Pension <i>(Note 7)</i>	2,386	1,441	16,017	-	19,844	8,211	5,815	14,026	33,870
Payroll taxes	2,991	1,807	9,137	-	13,935	10,383	2,363	12,746	26,681
Bank fees	-	-	-	-	-	21,190	-	21,190	21,190
Information technology	924	-	1,302	-	2,226	6,787	201	6,988	9,214
Conferences	-	-	1,205	5,296	6,501	-	-	-	6,501
Amortization	625	1,125	1,000	-	2,750	3,188	312	3,500	6,250
Training	-	-	5,847	-	5,847	-	-	-	5,847
Insurance	375	674	600	-	1,649	1,911	187	2,098	3,747
Advertising	2,056	-	-	-	2,056	-	-	-	2,056
	<u>\$ 115,675</u>	<u>\$ 247,220</u>	<u>\$ 376,607</u>	<u>\$ 14,469</u>	<u>\$ 753,971</u>	<u>\$ 313,604</u>	<u>\$ 104,327</u>	<u>\$ 417,931</u>	<u>\$ 1,171,902</u>

See the accompanying notes to these financial statements

# FOI GOSPEL MINISTRY INC.

## Notes to Financial Statements

Year Ended December 31, 2020

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### 1. NATURE OF OPERATIONS

FOI Gospel Ministry Inc. (the "Ministry") is incorporated under Part II of the Canada Corporations Act as a corporation without share capital on June 15, 1998 and commenced operations on October 1, 1999. FOI Gospel Ministry is a worldwide evangelical ministry proclaiming biblical truth about Israel and the Messiah, while bringing physical and spiritual comfort to the Jewish people throughout Canada by providing religious educational activities or instructions, publishing religious materials including books, magazines, pamphlets, audio and video media, and radio broadcasting and by providing counselling activities.

The Company is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

The financial statements are the representation of management and have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook.

#### Revenue recognition

The Ministry follows the deferral method of accounting for contributions. General and field ministry contributions and legacies are included in revenues in the year in which the related expenses are incurred.

Revenues from ministry, publications, audio and video sales are recognized when title to the goods is transferred to customers, the selling price is fixed and determinable, and collectability is reasonably assured.

Investment income is recognized as revenues when earned. Investment income includes realized and unrealized gains, dividends, and interest.

Conference and special functions and other revenues recognized as revenues in the fiscal year to which the related activity occurred.

Government assistance, including subsidies in response to COVID-19, are recognized on an accrual basis in the year in which the related eligible expenses have been incurred.

#### Financial instruments

The Ministry initially measures its financial assets and financial liabilities at fair value. The Ministry subsequently measures all of its financial assets and financial liabilities at amortized cost with the exception of the investments which are measured at fair market value. The financial assets subsequently measured at amortized cost include cash and accounts receivable. The financial liabilities measured at amortized cost includes accounts payable.

#### Foreign currency translation

Foreign currency accounts are translated to Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the statement of financial position date. The resulting foreign exchange gains and losses are included in operations in the current year.

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FOI GOSPEL MINISTRY INC.

Notes to Financial Statements

Year Ended December 31, 2020

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a weighted average basis.

Equipment

Equipment is recorded at cost less accumulated amortization, and is amortized on a straight-line basis at the following rates:

Office equipment                      3-5 years

All equipment is capitalized at cost or, if donated, at fair value on the date of donation. The Ministry capitalizes assets with a cost basis (or fair value for donated assets) of \$2,500 or greater. Expenditures for repairs and maintenance are expensed when incurred. When items of equipment are sold or retired, the related costs and accumulated amortization are removed from the accounts and any gain or loss is reported as revenues.

Allocation of expenses

The Ministry engages in various activities including outreach, publication, field, education conferences, management and fundraising. The costs of these activities include salaries, occupancy and other expenses that are directly related to the activities. These costs are allocated in full to their programs.

Contributed goods and services

Donated goods are recorded when a fair value can be reasonably estimated and when they would otherwise have been purchased if not donated.

A substantial part of the Ministry's activities are carried out by volunteers whose services are donated. These services are not normally purchased by the Ministry and therefore not recorded in these financial statements.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant estimates incorporated into the Ministry's financial statements include estimated useful lives of capital assets. These estimates are reviewed periodically and adjustments are made to revenues and expenses as appropriate in the year they become known.

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3. INVESTMENTS

Investments consist of the following:

	<u>2020</u>	<u>2019</u>
Equities	\$ 1,238,750	\$ 1,195,232
Cash and guaranteed investment certificates	426,726	387,618
Bonds and fixed income papers	318,575	315,395
	<u>\$ 1,984,051</u>	<u>\$ 1,898,245</u>

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**FOI GOSPEL MINISTRY INC.**

**Notes to Financial Statements**

**Year Ended December 31, 2020**

**4. EQUIPMENT**

	Cost	Accumulated amortization	<b>2020 Net book value</b>	2019 Net book value
Office equipment	\$ 114,052	\$ 99,674	\$ <b>14,378</b>	\$ 17,128

**5. RELATED PARTY TRANSACTIONS**

During the year, the Ministry purchased religious material from and funded foreign missionary support through The Friends of Israel Gospel Ministry Inc., an affiliated charitable organization in the United States of America. Included in the cost of goods sold is \$51,779 (2019 - \$52,058) and joint ministries expense of \$140,546 (2019 - \$142,554) with this related party. In addition, the Ministry collected and remitted foreign ministry support of \$227,267 (2019 - \$209,605) on behalf of this related party. These transactions are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties), which approximates the arm's length equivalent value. At the end of the year, the following balances were due to the above noted related party and are included in the following statement of financial position account:

	<b>2020</b>	2019
Accounts payable and accrued liabilities related to Joint Ministries	\$ <b>127,225</b>	\$ 117,704

**6. DEFERRED REVENUES**

Deferred revenues consist of the following:

	<b>2020</b>	2019
Subscriptions	\$ <b>59,864</b>	\$ 62,824
Ministry launch project	<b>54,532</b>	-
Gift basket project	<b>7,192</b>	-
Cruizin' for Zion project	<b>324</b>	-
	<b>\$ 121,912</b>	\$ 62,824

The continuity of deferred revenues is as follows:

Balance, beginning of year	\$ <b>62,824</b>	\$ 55,916
Add: Amounts received in the year	<b>251,694</b>	102,877
Less: Amounts recognized as revenues during the year	<b>(192,606)</b>	(95,969)
Balance, end of year	<b>\$ 121,912</b>	\$ 62,824

**7. DEFINED CONTRIBUTION PENSION PLAN**

The Ministry has a defined contribution pension plan providing pension and other retirement benefits to most of its employees. The defined contribution pension plan consists of an employer contribution of 10% (2019 - 10%) based on the current year full time employees' earnings. The amount contributed by the Ministry to the defined contribution plan for the year is \$33,870 (2019 - \$39,430).

**FOI GOSPEL MINISTRY INC.**

**Notes to Financial Statements**

**Year Ended December 31, 2020**

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**8. FINANCIAL INSTRUMENTS**

*Market risk*

The Ministry is exposed to fluctuations in values in the equity market on its investments in equities of various publicly traded entities.

*Currency risk*

The Ministry is exposed to currency risk on joint ministry costs and cost of goods sold which are denominated in U.S. dollars, due to fluctuations in foreign exchange rates. The Ministry does not use derivative instruments to reduce its exposure to currency risk. Included in accounts payable and accrued liabilities is a balance of \$127,225 (2019 - \$117,704) which has been converted to Canadian dollars using the year end rate.

The Ministry is not exposed to significant credit, liquidity, interest rate, or other price risks.

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**9. COMMITMENT**

The Ministry is party to a premises lease agreement. Minimum annual payments for basic rent are \$16,155 up to the lease expiry date of January 31, 2022.

The Ministry is also party to equipment lease agreements for their postage and shipping equipment requirement minimum quarterly payments of \$889 and \$3,192 respectively. The leases expire in March 2023 and September 2024 respectively.

The combined future minimum lease payments as at year-end are as follows:

2021	\$	32,479
2022		17,671
2023		6,749
2024		2,372

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**10. SIGNIFICANT EVENT**

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic, which resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown. It is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results of the Ministry in future periods. The Ministry continues to closely monitor and assess the impact on operations

As part of the response to COVID-19, the federal government introduced the 10% Emergency Wage Subsidy ("TEWS") to assist employers whose activities have been affected by COVID-19. The Ministry applied for \$10,032 which is included in accounts receivable at December 31, 2020 and government assistance in the other revenues (expenses) section of the statement of operations.

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**11. COMPARATIVE FIGURES**

Some of the comparative figures have been reclassified to conform to the current year's presentation.

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