

The Samaritan's Purse - Canada

**Consolidated Financial Statements
December 31, 2013**



April 8, 2014

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, 2013, 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.

*PricewaterhouseCoopers LLP
111 5 Avenue SW, Suite 3100, Calgary, Alberta, Canada T2P 5L3
T: +1 403 509 7500, F: +1 403 781 1825*

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, 2013 and December 31, 2012, current assets as at December 31, 2013 and December 31, 2012, and fund balances as at January 1 and December 31 for both 2013 and 2012 years. Our audit opinion on the financial statements for the year ended December 31, 2012 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, 2013 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.

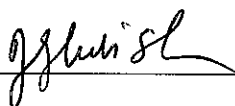
PricewaterhouseCoopers LLP

Chartered Accountants

The Samaritan's Purse - Canada
Consolidated Statement of Financial Position
As at December 31, 2013

	2013 \$	2012 \$
Assets		
Current		
Cash	5,085,462	6,856,520
Short-term investments (note 3)	9,156,095	2,621,870
Accounts receivable (note 4)	629,372	502,091
Prepaid expenses	192,974	85,469
Inventory	287,019	118,848
	<u>15,350,922</u>	<u>10,184,798</u>
Investments (note 3)	7,594,904	8,714,742
Capital assets (note 5)	<u>6,674,129</u>	<u>5,822,700</u>
	<u>29,619,955</u>	<u>24,722,240</u>
Liabilities		
Current		
Accounts payable and accrued liabilities (notes 4 and 6)	<u>1,964,404</u>	<u>1,734,646</u>
Fund balances		
Unrestricted	6,603,021	7,091,965
Internally restricted – invested in capital assets	6,674,129	5,822,700
Externally restricted (note 7)	<u>14,378,401</u>	<u>10,072,929</u>
	<u>27,655,551</u>	<u>22,987,594</u>
	<u>29,619,955</u>	<u>24,722,240</u>
Commitments (note 11)		

Approved by the Board of Directors



Director



Director

The Samaritan's Purse - Canada

Consolidated Statement of Operations and Changes in Fund Balances

For the year ended December 31, 2013

				2013	2012
	General Fund \$	Capital Fund \$	Ministry Fund \$	Total \$	Total \$
Revenue					
Contributions (note 8)	7,065,754	-	23,451,045	30,516,799	22,986,710
Gifts in kind (note 9)	537,661	193,622	28,717,879	29,449,162	28,975,765
Investment income	321,144	-	1,792	322,936	417,169
Gain on sale of capital assets	-	-	-	-	16,000
	<u>7,924,559</u>	<u>193,622</u>	<u>52,170,716</u>	<u>60,288,897</u>	<u>52,395,644</u>
Expenditures					
Ministry expenses	-	-	43,902,071	43,902,071	43,902,931
Other missionary projects and supporting services	2,622,425	186,048	3,361,420	6,169,893	5,426,704
	<u>2,622,425</u>	<u>186,048</u>	<u>47,263,491</u>	<u>50,071,964</u>	<u>49,329,635</u>
Fundraising	1,254,299	-	707,285	1,961,584	1,733,030
General and administrative support for ministries	899,367	186,048	2,501,977	3,587,392	3,533,184
	<u>4,776,091</u>	<u>372,096</u>	<u>50,472,753</u>	<u>55,620,940</u>	<u>54,595,849</u>
Excess (deficiency) of revenue over expenditures	3,148,468	(178,474)	1,697,963	4,667,957	(2,200,205)
Fund balance – Beginning of year	7,091,965	5,822,700	10,072,929	22,987,594	25,187,799
Inter fund transfer to Ministry Fund	(2,760,053)	-	2,760,053	-	-
Inter fund transfer – capital asset purchases	(877,359)	1,029,903	(152,544)	-	-
Fund balance – End of year	<u>6,603,021</u>	<u>6,674,129</u>	<u>14,378,401</u>	<u>27,655,551</u>	<u>22,987,594</u>

The Samaritan's Purse - Canada

Consolidated Statement of Cash Flows

For the year ended December 31, 2013

	2013 \$	2012 \$
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenditures	4,667,957	(2,200,205)
Items not affecting cash		
Amortization	372,096	312,691
Gift in kind – capital asset	(193,622)	(125,340)
Gain on sale of capital assets	-	(16,000)
	4,846,431	(2,028,854)
Changes in non-cash working capital		
Accounts receivable	(127,281)	(212,240)
Prepaid expenses	(107,505)	(12,747)
Inventory	(168,171)	-
Accounts payable	229,758	931,454
	4,673,232	(1,322,387)
Investing activities		
Purchase of capital assets	(1,029,903)	(357,485)
Purchase of investments	(9,669,499)	(3,414,112)
Proceeds on sale of investments	4,255,112	6,277,402
Proceeds on sale of capital assets	-	16,000
	(6,444,290)	2,521,805
(Decrease) increase in cash	(1,771,058)	1,199,418
Cash – Beginning of year	6,856,520	5,657,102
Cash – End of year	5,085,462	6,856,520

The Samaritan's Purse - Canada

Notes to Consolidated Financial Statements

December 31, 2013

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, 2013, the restaurant had not yet commenced operations, and accordingly the activity of the Company for the year ended December 31, 2013 was insignificant.

The Samaritan's Purse - Canada
Notes to Consolidated Financial Statements
December 31, 2013

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.

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.

The Samaritan's Purse - Canada
Notes to Consolidated Financial Statements
December 31, 2013

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.

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

The Samaritan's Purse - Canada
Notes to Consolidated Financial Statements
December 31, 2013

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.

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.

The Samaritan's Purse - Canada
Notes to Consolidated Financial Statements
December 31, 2013

3 Investments

	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
	2012	
	Carrying value \$	Fair Market Value \$
Government and corporate bonds	10,325,873	10,412,150
Canadian equities	10,739	10,739
GICs	1,000,000	1,000,000
	11,336,612	11,422,889

Government and Corporate Bonds have effective interest rates ranging from 1.6% to 4.177% and mature between 2014 and 2023. The amount maturing in the next fiscal year is \$8,058,318 (2012 – \$2,714,590).

Included in investment income for the year ended December 31, 2013 is a foreign exchange gain of \$25,632 (2012 – \$28,500 foreign exchange loss).

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, 2013, are amounts receivable from BGEA – Canada of \$76,468 (2012– \$41,861). Included in accounts payable as at December 31, 2013 is an amount payable to BGEA – Canada of \$48,258 (2012 – \$616). 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.

The Samaritan's Purse - Canada
Notes to Consolidated Financial Statements
December 31, 2013

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, 2013 are amounts receivable from Samaritan's Purse Inc. of \$280,013 (2012 - \$274,058). Included in accounts payable, as at December 31, 2013, is an amount payable to Samaritan's Purse Inc. of \$456,952 (2012 - \$583,951). 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.

5 Capital assets

			2013	2012
	Cost \$	Accumulated amortization \$	Net book Value \$	Net book value \$
Land	1,509,146	-	1,509,146	1,491,237
Building	5,639,051	1,154,756	4,484,295	3,826,006
Computer equipment and software	871,026	774,856	96,170	100,005
Office furniture and equipment	888,111	825,721	62,390	69,956
Automobiles	570,581	150,246	420,335	209,467
Project equipment	382,581	280,788	101,793	126,029
	<u>9,860,496</u>	<u>3,186,367</u>	<u>6,674,129</u>	<u>5,822,700</u>

During the year, amortization in the amount of \$372,096 (2012 - \$312,691) was recorded in the Capital Fund.

Capital assets in the amount of \$193,622 (2012 - \$125,340) were donated to the Organization and recorded in the Capital Fund.

6 Government remittances payable

As at December 31, 2013, the amount of government remittances payable was \$649 (2012 - \$1,651).

The Samaritan's Purse - Canada

Notes to Consolidated Financial Statements

December 31, 2013

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, 2013:

	2013 \$	2012 \$
Programs		
Typhoon Haiyan Relief	2,821,540	-
Operation Christmas Child	2,234,432	3,122,372
Southern Alberta Flood Relief	2,082,970	-
Water projects	1,750,178	1,984,705
Other	825,653	461,203
Food	652,329	375,667
Agriculture and livelihood	442,841	401,461
Medical needs	345,952	144,168
Evangelism	317,086	207,769
Children's care and education	269,319	315,609
World Medical Mission	170,142	99,945
Women's projects	151,187	43,811
Sahel Food Crisis Relief	138,623	352,928
Northern Canada Outreach	134,402	-
Horn of Africa Famine Relief	115,959	279,808
Locations		
Haiti	584,966	636,316
South Sudan	431,958	721,035
Africa	218,179	101,776
Costa Rica	142,259	327,284
Nepal	97,768	134,629
Nicaragua	91,788	116,946
Central and South America	70,821	64,665
Middle East	67,340	7,155
Cambodia	65,053	52,561
Ethiopia	58,969	41,333
Mexico	56,800	56,814
Laos	25,000	5,219
Asia	12,127	17,750
Europe	2,760	-
	<u>14,378,401</u>	<u>10,072,929</u>

The Samaritan's Purse - Canada
Notes to Consolidated Financial Statements
December 31, 2013

8 Government contributions

Contributions include federal government contributions totalling \$392,128 (2012 – \$1,320,781) from the Department of Foreign Affairs, Trade and Development.

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

a) Fundraising

As required by Section 7(2) of the Charitable Fundraising Regulation of Alberta, the Organization discloses that it paid \$529,263 in 2013 to employees whose principle duties involved fundraising (2012 – \$571,242).

b) Declarations to the Department of Foreign Affairs, Trade and Development ("DFATD")

The Organization received \$2,459,023 of donations in support of Philippines Typhoon Haiyan Relief that were declared to DFATD as eligible under the Government of Canada's Typhoon Haiyan Relief Fund.

11 Commitments

The Organization is committed to a continuation of funding of approved ministry projects as at December 31, 2013 in the amount of \$9,302,657.

The Samaritan's Purse - Canada

Consolidated Consolidated Schedule of Ministry Expenses

(unaudited)

For the year ended December 31, 2013

	2013 \$	2012 \$
Water and sanitation	4,447,618	5,435,077
Emergency response	1,776,074	668,357
Family health and nutrition	1,248,510	1,114,512
Mission teams	994,744	969,540
Evangelism and discipleship	904,898	693,523
Livelihood training and support	898,571	684,602
Assistance for women	848,956	882,173
Church and community mobilization	638,241	476,530
Children –care and support	268,275	477,877
Education and literacy	255,349	155,926
Development and training	134,996	-
HIV/AIDS and other disease projects	124,763	46,575
Medical training and infrastructure	75,722	591,607
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	12,616,717	12,196,299
Operation Christmas Child	31,125,601	31,455,692
World Medical Mission	159,753	250,940
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	43,902,071	43,902,931

