

SHAREWORD GLOBAL CANADA
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2023

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MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING
MAY 31, 2023

The accompanying consolidated financial statements and all other information contained in this annual report are the responsibility of the management of ShareWord Global Canada. The consolidated financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations, and have been approved by the Board of Directors.

Preparation of financial information is an integral part of management's broader responsibilities for the ongoing operations of ShareWord Global Canada. Management maintains a system of internal accounting and administration controls which are designed to provide reasonable assurance that transactions are accurately recorded on a timely basis, are properly approved and result in reliable financial information. Such information also includes data based on management's best estimates and judgements. Management has determined that the enclosed consolidated financial statements are presented fairly and on a consistent basis with prior years, in all material respects.

The Audit Committee and the Board of Directors review and approve the annual consolidated financial statements. In addition, the Audit Committee meets with financial officers of ShareWord Global Canada and the external auditors, and reports to the Board of Directors thereon. The Audit Committee and the Board of Directors also review the annual report in its entirety.

The consolidated financial statements have been audited by the external auditors, Graham Mathew Professional Corporation, Chartered Professional Accountants authorized to practise public accounting by the Chartered Professional Accountants of Ontario, in accordance with Canadian generally accepted auditing standards. The external auditors have full and free access to management, the Audit Committee and the Board of Directors.



Garnet Wheaton
Board Chair



Giorgio Gori
Interim President

INDEPENDENT AUDITORS' REPORT

To the Members of
ShareWord Global Canada

Opinion

We have audited the accompanying consolidated financial statements of **ShareWord Global Canada** (the Association), which comprise the consolidated statement of financial position as at May 31, 2023, and the consolidated statements of operations and fund balances and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Association as at May 31, 2023, and its financial performance 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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated 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.

In preparing the consolidated financial statements, management is responsible for assessing the Association'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 the Board of Directors either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Association'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 Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.

A handwritten signature in black ink that reads "Graham Mathew Professional Corporation". The signature is written in a cursive, flowing style.

Cambridge, Ontario
July 14, 2023

Chartered Professional Accountants, authorized to practise public
accounting by the Chartered Professional Accountants of Ontario

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MAY 31, 2023

	2023 \$	2022 \$
ASSETS		
Cash	1,343,504	2,300,561
Short-term investments (note 4)	1,115,320	1,287,899
Accounts receivable	299,104	663,659
Inventory (note 3)	740,562	766,702
Prepaid expenses	398,752	647,213
Current assets	3,897,242	5,666,034
Investments (note 5)	23,655	23,655
Life insurance - cash surrender value	81,810	76,748
Capital assets (note 6)	940,362	1,018,671
Non-current assets	1,045,827	1,119,074
Total assets	4,943,069	6,785,108
LIABILITIES		
Accounts payable and accrued liabilities (note 7)	406,226	1,018,332
Deferred revenue	1,769,000	1,612,714
	2,175,226	2,631,046
FUND BALANCES		
Unrestricted, Operating Fund	2,518,255	3,904,474
Internally Restricted Fund (note 4)	249,588	249,588
	2,767,843	4,154,062
Total liabilities and fund balances	4,943,069	6,785,108

APPROVED BY THE BOARD:



Garnet Wheaton, Board Chair



Ray Alary, Treasurer

**CONSOLIDATED STATEMENT OF OPERATIONS AND FUND BALANCES
YEAR ENDED MAY 31, 2023**

	2023 \$	2022 \$
Revenue (page 11)		
General gifts	5,096,355	6,613,962
Major and planned gifts	6,134,447	7,280,980
Chapter gifts	60,129	30,457
Other income		34,299
	11,290,931	13,959,698
Expenses		
Evangelism mobilization	1,894,077	1,620,001
GO! ministry through churches	2,891,017	2,568,759
Direct Scripture costs	4,017,721	4,943,223
Charitable programs: operations	673,679	1,434,261
Awareness & communications	691,665	1,076,345
Fundraising	1,749,922	1,733,916
Administration	735,408	485,676
Other expense	23,661	
	12,677,150	13,862,181
Excess (deficiency) of revenue over expenses for year	(1,386,219)	97,517
Fund balances, beginning of year	4,154,062	4,056,545
Fund balances, end of year	2,767,843	4,154,062

**CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MAY 31, 2023**

	2023 \$	2022 \$
Cash flows from operating activities:		
Excess (deficiency) of revenue over expenses for year	(1,386,219)	97,517
Add amortization which does not involve an outlay of cash	127,934	133,246
	(1,258,285)	230,763
Net change in non-cash working capital balances relating to operations:		
Accounts receivable	364,555	(364,416)
Inventory	26,140	126,492
Prepaid expenses	248,461	(425,502)
Accounts payable and accrued liabilities	(612,106)	702,072
Deferred revenue	156,286	(1,001,616)
	(1,074,949)	(732,207)
Cash flows from investment activities:		
Change in investments		(6,249)
Change in short-term investments	172,579	(367,564)
Change in life insurance - cash surrender value	(5,062)	(1,048)
Net additions to capital assets	(49,625)	(137,628)
	117,892	(512,489)
Net decrease in cash	(957,057)	(1,244,696)
Cash, beginning of year	2,300,561	3,545,257
Cash, end of year	1,343,504	2,300,561

The explanatory financial notes form an integral part of these consolidated financial statements.

CONSOLIDATED EXPLANATORY FINANCIAL NOTES
YEAR ENDED MAY 31, 2023

1. Purpose and Organization

ShareWord Global Canada is an association of Christian men and women, whose mission is to communicate the gospel of Jesus Christ, through personal evangelism and Scripture distribution, in Canada and worldwide, so that people may receive eternal life.

The Association was incorporated on June 19, 1936 as The Gideons International in Canada, under the laws of Canada, as a charitable organization without share capital and, as such, is not taxable for income tax purposes and is eligible to issue official income tax receipts for charitable donations. On September 10, 2020 the Association filed articles of amendment to change its legal operating name to ShareWord Global Canada.

2. Summary of Significant Accounting Policies

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

(a) Basis of consolidation

On January 24, 2020, the Association became the sole member of the Christian charity “World Radio Missionary Fellowship in Canada” (operating as Reach Beyond Canada). Reach Beyond Canada operates as a ministry of ShareWord Global Canada, but continues to retain its registered charity status in Canada.

(b) Use of estimates

The preparation of these consolidated financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

(c) Fund accounting

To ensure observation of restrictions placed on the use of resources available to ShareWord Global Canada, the accounts are maintained in accordance with the principles of fund accounting. Unless otherwise noted, the resources are classified for accounting and reporting purposes as belonging to the **Operating fund**, which represents the portion of unrestricted, expendable funds that are available for ministry and operations. Within the operating fund, the Board has established an internally restricted reserve to provide for long-term and preventive maintenance and other capital requirements related to the Association's operations (note 4).

(d) Revenue recognition and deferred revenue

The Association follows the deferral method of accounting for contributions whereby restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Other revenue and expenses are recorded on an accrual basis whereby revenue is recorded as earned and expenses are recorded as incurred. Deferred revenue consists of funds received during the year which relate to activities to be incurred subsequent to year end.

CONSOLIDATED EXPLANATORY FINANCIAL NOTES
YEAR ENDED MAY 31, 2023

2. Summary of Significant Accounting Policies (Continued)

(e) Contributed services and materials

Donations of materials and services are not reflected in these consolidated financial statements because of the impracticality of the record keeping and valuation of them.

(f) Inventory

Inventory is valued at the lower of cost and net realizable value using the first-in, first-out method.

(g) Capital assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided on a straight-line basis in order to write off these assets over their expected useful lives as follows:

Buildings	25 - 40 years
Computer system	3 - 5 years
Office furniture and equipment	5 - 7 years

(h) Financial instruments

Investments are shown on the statement of financial position at their fair values at the year-end date, with changes in fair value recognized in the statement of operations. All other financial assets and liabilities are recorded at amortized cost less any discovered impairment.

	2023	2022
	\$	\$
3. Inventory		
Scriptures	736,874	760,720
Supplies	3,688	5,982
	740,562	766,702

4. Short-term Investments

The short-term investments held by the Association are comprised of the following investments:

Term deposits	500,000	
Mutual funds	562,388	1,270,899
Canadian equities	52,932	17,000
	1,115,320	1,287,899

At May 31, 2023 the Association has allocated \$249,588 (\$249,588 in 2022) to be segregated as an Internally Restricted Fund intended to provide reserves for long-term and preventive maintenance and other capital requirements. These reserves are not available for use without approval of the Board of Directors. There are sufficient funds available within the Association to withdraw the full balance of the Internally Restricted Fund, should the Association elect to use these reserves.

CONSOLIDATED EXPLANATORY FINANCIAL NOTES
YEAR ENDED MAY 31, 2023

	2023 \$	2022 \$
5. Investments		
Operating Fund		
Mutual funds	23,655	23,655
6. Capital Assets		
Cost		
Land	22,715	22,715
Buildings	1,565,997	1,565,997
Computer system	362,490	319,671
Office furniture and equipment	191,408	191,408
	2,142,610	2,099,791
Accumulated amortization		
Buildings	769,699	727,838
Computer system	251,639	186,290
Office furniture and equipment	180,910	166,992
	1,202,248	1,081,120
Net Book Value	940,362	1,018,671

7. Accounts Payable and Accrued Liabilities

There were no amounts payable with respect to government remittances as of the year end date.

8. Sick Leave Benefit

Each full-time employee is eligible to earn sick leave credits at the rate of one day per month to a maximum of 85 working days. The value of these accumulated days to the extent that they could be used by employees for personal illness amounts to approximately \$424,492 (\$423,512 in 2022). Unused sick leave credits are not paid to employees at the end of their employment and, accordingly, provision for a sick leave liability has not been made in these consolidated financial statements.

9. Financial Instrument Risk Management

The following sections detail the nature and extent of risks arising from financial instruments to which the Association is exposed at May 31, 2023.

Credit risk

Credit risk is the risk of financial loss if a debtor fails to make payments to the Association. The Association is not exposed to this risk since it has low-risk debt holdings in its investment portfolio and its accounts receivable are short-term in nature, thereby mitigating any material credit risk.

CONSOLIDATED EXPLANATORY FINANCIAL NOTES
YEAR ENDED MAY 31, 2023

9. Financial Instrument Risk Management (Continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk and other price risk.

An investment policy is in place and its application is monitored by the Board of Directors and management. Diversification and risk tolerance techniques are utilized to minimize risk. The primary vehicle for the investment program is fixed income funds.

a) Currency risk

Currency risk relates to the Association operating in different currencies and converting non-Canadian earnings at different points in time at different foreign exchange levels when adverse changes in foreign currency exchange rates occur.

The Association's foreign exchange risk is related to foreign currency changes, which are monitored by management on an on-going basis and which are immaterial in dollar amount.

b) Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The Association is not exposed to any significant interest rate risk.

There have been no significant changes from the previous period in the exposure to risk, nor any significant changes to policies, procedures and methods used to measure the risk which management believes to be low.

c) Other price risk

Other price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Association is not exposed to any significant other price risk.

Management follows investment policies, procedures and processes for managing other price risk which it believes to be low.

Liquidity Risk

Liquidity risk is the risk that the Association will not be able to meet all cash outflow obligations as they come due. The Association mitigates this risk by monitoring cash activities and expected outflows. The Association's current liabilities arise as expenses are incurred. The Association does not have material liabilities that can be called at the demand of a lender nor does it have material commitments for capital expenditures.

10. Comparative Figures

Comparative figures have, in some instances, been restated in order to present them in a form comparable to those for the current year.

**CONSOLIDATED SCHEDULE OF REVENUE - OPERATING FUND
YEAR ENDED MAY 31, 2023**

	2023 \$	2022 \$
General gifts		
Expressions gifts	600,628	676,951
General donations, including direct mail	3,485,895	5,079,103
Events	528,852	315,322
Church giving	480,980	542,586
	5,096,355	6,613,962
Bequests	1,099,777	677,410
Major gifts	5,034,670	6,603,570
	6,134,447	7,280,980
Chapter fund donations	60,129	30,457
Other income		34,299
Total Revenue	11,290,931	13,959,698

**CONSOLIDATED SCHEDULE OF SCRIPTURES DISTRIBUTED
YEAR ENDED MAY 31, 2023**

The **number of Scriptures** shared during the year amounted to:

	2023	2022
Domestic	568,312	603,709
International	1,067,977	1,670,700
Bible Downloads	6,963	5,360
	1,643,252	2,279,769