TeachBeyond, Inc.

Financial Statements
December 31, 2021

Independent auditor's report

To the Members of TeachBeyond, Inc.

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of TeachBeyond, Inc. (the Entity) as at December 31, 2021 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.

What we have audited
The Entity's financial statements comprise:

- the statement of financial position as at December 31, 2021;
- the statement of operations and changes in fund balances for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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

Independence
We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

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



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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Winnipeg, Manitoba
June 9, 2022

TeachBeyond, Inc.

Statement of Financial Position

As at December 31, 2021

	2021 $	2020 $
Assets		
Current assets		
Cash	1,970,955	1,382,309
Marketable securities	1,013	1,013
Accounts receivable (note 9)	69,856	93,051
Accounts receivable from related party (note 6)	66,689	42,853
Prepaid expenses	2,825	3,841
Investments (note 4)	63,390	38,196
Loans receivable (note 3)	294,620	48,676
	2,469,348	1,609,939
Loans receivable (note 3)	320,635	621,341
	2,789,983	2,231,280
Liabilities and Fund Balances		
Current liabilities		
Accounts payable and accrued liabilities	15,234	12,287
Payable to TeachBeyond, Inc. (USA) (note 1)	18,572	12,700
	33,806	24,987
Fund balances		
Restricted		
Projects Fund	2,262,445	1,765,874
Unrestricted		
General Fund	493,732	440,419
	2,756,177	2,206,293
	2,789,983	2,231,280

Approved by the Board of Directors

_____ Director _____ Director

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

TeachBeyond, Inc.

Statement of Operations and Changes in Fund Balances

For the year ended December 31, 2021

			2021	2020
	General Fund $	Projects Fund $	Total $	Total $
Revenue				
Donations	99,255	3,249,116	3,348,371	2,948,200
Interest income – Steinbach Credit Union	21,552	-	21,552	26,459
Interest income – Link Charity	16,361	-	16,361	8,248
Investment income – Link Charity	48,159	-	48,159	-
Other income	61	1,991	2,052	2,652
Foreign exchange gain (loss)	(3,354)	-	(3,354)	1,187
Wills and estates	-	9,000	9,000	93,243
	182,034	3,260,107	3,442,141	3,079,989
General operating expenses				
Salaries and benefits	360,030	1,822,707	2,182,737	2,043,120
Salaries and benefits reimbursement (note 6)	(90,000)	-	(90,000)	(85,941)
Government wage subsidies (note 9)	(14,632)	(54,815)	(69,447)	(161,028)
Missionary and project support	-	755,169	755,169	952,759
Advancement	3,101	-	3,101	5,113
Bank charges	4,606	-	4,606	5,158
Board	(427)	-	(427)	1,477
Dues and subscriptions	2,895	-	2,895	2,895
Fundraising	5,621	-	5,621	1,218
Human resources and personnel	5,544	-	5,544	6,719
Insurance	6,133	-	6,133	5,976
Information technology services	21,778	-	21,778	21,693
Loan receivable accretion	(3,350)	-	(3,350)	(3,350)
Miscellaneous	336	-	336	99
Office supplies and equipment	7,458	-	7,458	6,919
Postage	3,208	-	3,208	3,785
Professional fees	15,657	-	15,657	12,476
Promotion	4,908	-	4,908	1,527
Rent (note 7)	7,800	-	7,800	7,755
Special ministries	-	-	-	10,660
Telephone and fax	1,958	-	1,958	1,929
Unrealized foreign exchange (gain) loss	7,975	-	7,975	(5,612)
	350,599	2,523,061	2,873,660	2,835,347
TeachBeyond Global Services	18,597	-	18,597	35,811
	369,196	2,523,061	2,892,257	2,871,158
Excess (deficiency) of revenue over expenses	(187,162)	737,046	549,884	208,831
Fund balance – Beginning of year	440,419	1,765,874	2,206,293	1,997,462
Interfund transfers and adjustments (note 5)	240,475	(240,475)	-	-
Fund balance – End of year	493,732	2,262,445	2,756,177	2,206,293

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

TeachBeyond, Inc.

Statement of Cash Flows

For the year ended December 31, 2021

	2021 $	2020 $
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses	549,884	208,831
Items not affecting cash		
Unrealized foreign exchange (gain) loss	7,975	(5,612)
Loan receivable accretion	(3,350)	(3,350)
	554,509	199,869
Change in non-cash working capital items		
Accounts receivable	23,195	(68,489)
Accounts receivable from related party	(23,836)	55,147
Prepaid expenses	1,016	2,991
Accounts payable and accrued liabilities	2,947	168
Payable to TeachBeyond, Inc. (USA)	5,872	1,328
	563,703	191,014
Investing and financing activities		
Receipt of loan receivable payment from TeachBeyond Deutschland	50,203	50,203
Advance of loan receivable to Link Charity	-	(500,000)
Advance of loan receivable to TeachBeyond Belize	-	(50,000)
Purchase of investments (note 4)	(25,260)	(42,719)
	24,943	(542,516)
Increase (decrease) in cash during the year	588,646	(351,502)
Cash – Beginning of year	1,382,309	1,733,811
Cash – End of year	1,970,955	1,382,309

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

1 Purpose of the Organization

The purpose of TeachBeyond, Inc. (TeachBeyond) is to provide transformational education services and to make known the Gospel of Jesus Christ by means of evangelism, discipling, training in the Scriptures, conducting children and youth ministries including camps, meeting social needs and communicating biblical precepts through preaching, teaching and music.

TeachBeyond (the Canadian legal entity) associates with other TeachBeyond and historical Janz Team entities in other countries in co-operative efforts detailed in appropriate agreements and through management arrangements. Seconding arrangements also exist respecting TeachBeyond personnel involved with other non-TeachBeyond and historical Janz Team organizations of like purpose.

TeachBeyond, Inc. was founded in 1955 as Janz Brothers Gospel Association in the Province of Alberta. It was incorporated under the Corporations Act of Manitoba on February 24, 1978 under the name Janz Team, Inc. as a non-profit religious organization. The organization changed its corporate name to Janz Team Ministries Inc. effective December 30, 1982 and then to TeachBeyond, Inc. on December 8, 2010. TeachBeyond is a registered charity within the meaning of the Income Tax Act and is exempt from income taxes and authorized to issue official receipts for income tax purposes.

TeachBeyond and TeachBeyond, Inc. (USA) are parties to a joint ministries agreement whose purpose is to carry out projects and activities in a co-operative manner. Periodically, they provide services to each other. The cost of these services is expensed or recovered as incurred.

2 Summary of significant accounting policies

Basis of presentation

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Fund accounting

TeachBeyond follows the restricted fund method of accounting for contributions.

The General Fund accounts for TeachBeyond's program delivery and administrative activities. This fund reports unrestricted resources.

The Projects Fund reports restricted resources that are to be used to support specific activities and projects internationally and in Canada, including missionary activities.

Revenue recognition

Unrestricted contributions related to general operations are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is

reasonably assured. Gifts-in-kind and donations of marketable securities are recorded at their fair value at time of receipt.

Restricted contributions are recognized as revenue of the appropriate fund in the year in which they are received or receivable.

Investment income is recognized when earned.

Contributed services

TeachBeyond receives the services of unpaid volunteers to provide education and to deliver services. The value of these services is not reflected in the accompanying statement of operations and changes in fund balances.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Financial instruments

Measurement of financial instruments

TeachBeyond initially measures its financial assets and financial liabilities at fair value.

TeachBeyond subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity securities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in the statement of operations and changes in fund balances.

Financial assets measured at amortized cost include cash, marketable securities, accounts receivable, accounts receivable from related party, investments and loans receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and payable to TeachBeyond, Inc. (USA).

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a writedown is recognized in net income.

3 Loans receivable

TeachBeyond Belize

Loan receivable

TeachBeyond is a lender of funds to TeachBeyond Belize, a non-related party. The funds earn interest at 3% per annum and are repayable to TeachBeyond as follows:

	$
2022	-
2023	-
2024	-
2025	50,000

Link Charity

Loan receivable

TeachBeyond is a lender of funds to Link Charity, a non-related party. Excess income earned on the funds shall be paid by Link Charity to TeachBeyond on an annual basis. The funds repayable in 2022 earn interest at 3% per annum, and the funds repayable in 2024 earn interest at 3.5% per annum and are repayable to TeachBeyond as follows:

	$
2022	250,000
2023	-
2024	250,000

TeachBeyond Deutschland

Loan receivable

TeachBeyond is a co-lender of funds with TeachBeyond, Inc. (USA) to TeachBeyond Deutschland e.v. (BFA), a non-related party. The arrangement is interest free. The funds are repayable to TeachBeyond in euros, as follows:

	Canadian dollars	Euros
2022	47,970	33,333
2023	23,985	16,668
Loan receivable discount	(6,700)	-
	65,255	50,001
Less: Amounts due within one year	47,970	33,333
Loan receivable discount	(3,350)	-
	44,620	16,668

4 Investments

Investments comprise a US$50,000 (2020 – US$30,000) investment in Gateway Education Global, Ltd., which was used in the establishment of an Aqua Tots location in Vietnam. TeachBeyond is entitled to dividends on an annual basis, however, no dividends have been declared (2020 – $nil) at year-end.

5 Interfund transfers and adjustments

Interfund transfers relate to:

- administration fees of 6%, 10%, 12% or fixed amounts applied to donations made to the Projects Fund; and
- contributions to or reimbursement of project costs at the discretion of management and/or instruction of the Board.

6 Related party transactions and balances

Included in accounts receivable from related party is $66,689 (2020 – $42,853) due from TeachBeyond, Inc. (USA) as reimbursement for specific salaries and benefits expenses. This amount is non-interest bearing and is due on demand.

7 Commitments

Under the current property lease agreement, a six-month advance notice, by either party, is required to end the existing agreement. Monthly lease payments are $650.

8 Financial instruments

The significant financial risks to which TeachBeyond is exposed are credit risk and currency risk.

Credit risk is the possibility of financial loss, resulting from the failure of a debtor to honour its obligation. TeachBeyond's financial instruments that are exposed to credit risk consist primarily of cash and savings deposits and loans receivable amounts. TeachBeyond invests its cash and savings deposits with large financial institutions.

Currency risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. TeachBeyond's financial instruments that are exposed to currency risk consist primarily of the loan receivable from TeachBeyond Deutschland balance (note 3) and the payable to TeachBeyond, Inc. (USA).

9 Uncertainty due to COVID-19

In March of 2020, the World Health Organization declared the COVID-19 outbreak to be a public health pandemic emergency. As the impacts of COVID-19 continue, there could be further impact on TeachBeyond and its donors. Management is actively monitoring the effect on its financial condition, liquidity, industry and workforce. TeachBeyond has received $69,447 (2020 – $161,028) of government wage subsidies (Temporary Wage Subsidy and Canada Emergency Wage Subsidy) to fund a portion of salaries paid during the eligible period of the wage subsidy program, and has recorded this amount as a reduction to general operating expenses on the statement of operations and changes in fund balances. As at December 31, 2021, TeachBeyond had subsidies of $nil (2020 – $9,737) recorded as accounts receivable in the statement of financial position.

Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, TeachBeyond is not able to fully estimate the effects of the COVID-19 outbreak on its results of operations or financial condition at this time.

10 Subsequent events

On March 8, 2022, TeachBeyond made an additional US$10,000 investment in Gateway Education Global, Ltd.

On March 18, 2022, TeachBeyond entered into a loan agreement with Gateway Education Global, Ltd., whereby TeachBeyond provided a loan of $31,923. The loan is repayable to TeachBeyond, in Canadian currency, over a 10 year term at installment amounts as mutually agreed upon. Interest on the loan will accrue at a rate of 3% per annum.