TeachBeyond, Inc.

Financial Statements
December 31, 2022

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, 2022 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, 2022;
- 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 13, 2023

TeachBeyond, Inc.

Statement of Financial Position

As at December 31, 2022

	2022 $	2021 $
Assets		
Current assets		
Cash	2,116,698	1,970,955
Marketable securities	1,013	1,013
Accounts receivable	86,606	69,856
Accounts receivable from related party (note 6)	-	66,689
Prepaid expenses	6,065	2,825
Investments (note 4)	76,068	63,390
Loans receivable (note 3)	27,296	294,620
	2,313,746	2,469,348
Loans receivable (note 3)	575,443	320,635
	2,889,189	2,789,983
Liabilities and Fund Balances		
Current liabilities		
Accounts payable and accrued liabilities	25,177	15,234
Accounts payable to related party (note 6)	140,931	18,572
	166,108	33,806
Fund balances		
Restricted		
Projects Fund	2,228,247	2,262,445
Unrestricted		
General Fund	494,834	493,732
	2,723,081	2,756,177
	2,889,189	2,789,983

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, 2022

			2022	2021
	General Fund $	Projects Fund $	Total $	Total $
Revenue				
Donations	140,283	3,132,782	3,273,065	3,348,371
Interest income – Steinbach Credit Union	42,566	-	42,566	21,552
Interest income – Link Charity	16,340	-	16,340	16,361
Investment income – Link Charity	77,957	-	77,957	48,159
Other income	31	17	48	2,052
Foreign exchange loss	(7,627)	-	(7,627)	(3,354)
Wills and estates	-	24,500	24,500	9,000
	269,550	3,157,299	3,426,849	3,442,141
General operating expenses				
Salaries and benefits	286,570	1,882,063	2,168,633	2,182,737
Salaries and benefits reimbursement (note 6)	-	-	-	(90,000)
Government wage subsidies (note 9)	-	-	-	(69,447)
Missionary and project support	-	1,064,169	1,064,169	755,169
Advancement	13,079	-	13,079	3,101
Bank charges	4,738	-	4,738	4,606
Board	5,417	-	5,417	(427)
Dues and subscriptions	2,920	-	2,920	2,895
Fundraising	3,910	-	3,910	5,621
Human resources and personnel	77,277	-	77,277	5,544
Insurance	6,324	-	6,324	6,133
Information technology services	22,671	-	22,671	21,778
Loan receivable accretion	(3,350)	-	(3,350)	(3,350)
Miscellaneous	39	-	39	336
Office supplies and equipment	8,322	-	8,322	7,458
Postage	2,986	-	2,986	3,208
Professional fees	14,793	-	14,793	15,657
Promotion	5,378	-	5,378	4,908
Rent (note 7)	7,980	-	7,980	7,800
Telephone and fax	1,795	-	1,795	1,958
Unrealized foreign exchange (gain) loss	(2,110)	-	(2,110)	7,975
	458,739	2,946,232	3,404,971	2,873,660
TeachBeyond Global Services	54,974	-	54,974	18,597
	513,713	2,946,232	3,459,945	2,892,257
Excess (deficiency) of revenue over expenses	(244,163)	211,067	(33,096)	549,884
Fund balance – Beginning of year	493,732	2,262,445	2,756,177	2,206,293
Interfund transfers and adjustments (note 5)	245,265	(245,265)	-	-
Fund balance – End of year	494,834	2,228,247	2,723,081	2,756,177

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

	2022 $	2021 $
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses	(33,096)	549,884
Items not affecting cash		
Unrealized foreign exchange (gain) loss	(2,110)	7,975
Loan receivable accretion	(3,350)	(3,350)
	(38,556)	554,509
Change in non-cash working capital items		
Accounts receivable	(16,750)	23,195
Accounts receivable from related party	66,689	(23,836)
Prepaid expenses	(3,240)	1,016
Accounts payable and accrued liabilities	9,943	2,947
Accounts payable to related party (note 6)	122,359	5,872
	140,445	563,703
Investing and financing activities		
Receipt of loan receivable payment from TeachBeyond Deutschland	50,203	50,203
Advance of loan receivable to GEG – Aqua Tots	(31,993)	-
Purchase of investments (note 4)	(12,912)	(25,260)
	5,298	24,943
Increase in cash during the year	145,743	588,646
Cash – Beginning of year	1,970,955	1,382,309
Cash – End of year	2,116,698	1,970,955

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:

	$
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 loan receivable consists of the following two tranches:

- $250,000 loaned June 30, 2020, repayable in 2024 that earns interest at 3% per annum; and
- $250,000 loaned June 30, 2020, repayable in 2024 that earns interest at 3.5% per annum.

	$
2023	-
2024	500,000

Gateway Education Global – Aqua Tots

Loan receivable

TeachBeyond has provided to Gateway Education Global UK, LTD (Borrower) a loan of $31,992 that is not associated with the investment made by TeachBeyond to Aqua Tots. The terms of the loan are as follows:

- The loan is to be used to fund operations and/or capital expenditures and provide relief from COVID closures that were mandated by the Vietnamese Government.
- The loan repayment will happen with the following terms:
    - Interest rate 3% per annum starting on March 18, 2022
    - 10 year term
    - Annually, with the first payment to be paid on June 30, 2023, and paid each year thereafter on June 30, with the final payment being made on June 30, 2032.

	$
2023	3,199.25
2024	3,199.25
2025	3,199.25
2026	3,199.25
2027	3,199.25
2028	3,199.25
2029	3,199.25
2030	3,199.25
2031	3,199.25
2032	3,199.25

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
2023	24,097	16,666
Loan receivable discount	(3,350)	
	20,747	16,666
Less: Amounts due within one year	24,097	
Loan receivable discount	(3,350)	16,666
	20,747	16,666

4 Investments

Investments comprise a US$60,000 (2021 – US$50,000) 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 (2021 – $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 payable to related party is $30,705 (2021 - $18,572) due to TeachBeyond, Inc. (USA) related to donations received for US missionaries and projects.

Included in accounts payable to related party is $110,226 (2021 – $nil) due toTeachBeyond, Inc. (USA) related to budgetary projects and departmental costs relative to work performed or costs incurred on behalf of TeachBeyond. This amount is non-interest bearing and is due on demand.

Included in accounts receivable from related party is $nil (2021 - $66,689) due from TeachBeyond, Inc. (USA) related to reimbursement for specific salaries and benefits expenses incurred on behalf of TeachBeyond Canada. 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 $nil (2021 – $69,447) 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.

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 January 6, 2023, TeachBeyond made an investment with TD Wealth in the amount of $800,000 in Canadian and US equities.