

**INSIGHT FOR LIVING MINISTRIES CANADA**  
**Financial Statements**  
**June 30, 2021**

**INSIGHT FOR LIVING MINISTRIES CANADA**

**Index to Financial Statements**

**Year Ended June 30, 2021**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Insight for Living Ministries Canada

*Report on the Financial Statements*

*Opinion*

We have audited the financial statements of Insight for Living Ministries Canada (the "Society"), which comprise the statement of financial position as at June 30, 2021, and the statements of changes in fund balances, 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 Society as at June 30, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

*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 Society in accordance with 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 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 Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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.

*(continues)*

Independent Auditor's Report to the Members of Insight for Living Ministries Canada *(continued)*

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:

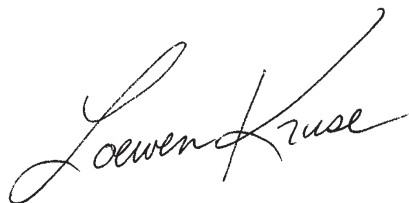
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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 Society'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 Society'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 Society 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.

*Report on Other Legal and Regulatory Requirements*

As required by the Societies Act of British Columbia, we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian Accounting Standards for Not-for-profit Organizations have been applied on a basis consistent with that of the preceding year.

Burnaby, British Columbia  
September 13, 2021



Chartered Professional Accountants

**INSIGHT FOR LIVING MINISTRIES CANADA**  
**Statement of Financial Position**  
**June 30, 2021**

	Operating Fund	Capital Assets Fund	Restricted Funds	2021	2020
<b>ASSETS</b>					
<b>CURRENT</b>					
Cash	\$ 248,100	\$ -	\$ 22,871	\$ 270,971	\$ 509,062
Investments	957,063	-	317,107	1,274,170	549,544
Accrued interest receivable	6,479	-	-	6,479	4,015
Recoverable from government authorities - GST	4,424	-	-	4,424	-
Prepaid expenses	26,435	-	-	26,435	36,889
Inventory	56,617	-	-	56,617	62,973
Interfund receivable (payable) (Note 3)	(32,120)	-	32,120	-	-
	1,266,998	-	372,098	1,639,096	1,162,483
<b>INVESTMENT</b>	-	-	-	-	48,000
<b>INTANGIBLE ASSETS (Note 4)</b>	-	159,042	-	159,042	178,127
<b>CAPITAL ASSETS (Note 5)</b>	-	462,193	-	462,193	463,984
	\$ 1,266,998	\$ 621,235	\$ 372,098	\$ 2,260,331	\$ 1,852,594

See notes to financial statements

**INSIGHT FOR LIVING MINISTRIES CANADA**  
**Statement of Financial Position**  
**June 30, 2021**

	Operating Fund	Capital Assets Fund	Restricted Funds	2021	2020
<b>LIABILITIES AND FUND BALANCES</b>					
<b>CURRENT</b>					
Accounts payable and accrued liabilities	\$ 46,074	\$ -	\$ -	\$ 46,074	\$ 70,326
Payable to government authorities - GST	-	-	-	-	22,560
Accounts payable - Insight for Living Ministries (U.S.) (Note 9)	19,130	-	-	19,130	19,768
	65,204	-	-	65,204	112,654
<b>FUND BALANCES</b>					
Unrestricted	1,201,794	-	-	1,201,794	868,322
Internally restricted for capital assets	-	621,235	-	621,235	642,110
Internally restricted (Note 13)	-	-	349,789	349,789	207,199
Externally restricted (Note 13)	-	-	22,309	22,309	22,309
	1,201,794	621,235	372,098	2,195,127	1,739,940
	\$ 1,266,998	\$ 621,235	\$ 372,098	\$ 2,260,331	\$ 1,852,594

**APPROVED BY THE BOARD OF DIRECTORS**

\_\_\_\_\_  
 Director

\_\_\_\_\_  
 Director

**INSIGHT FOR LIVING MINISTRIES CANADA**  
**Statement of Changes in Fund Balances**  
**Year Ended June 30, 2021**

	Operating Fund	Capital Assets Fund	Restricted Funds (Note 13)	2021	2020
<b>FUND BALANCES - BEGINNING OF YEAR</b>	\$ 868,322	\$ 642,110	\$ 229,508	\$ 1,739,940	\$ 1,369,039
Excess (deficiency) of revenue over expenses	502,805	(47,618)	-	455,187	370,901
Interfund transfers (Note 6)	(169,333)	26,743	142,590	-	-
<b>FUND BALANCES - END OF YEAR</b>	\$ 1,201,794	\$ 621,235	\$ 372,098	\$ 2,195,127	\$ 1,739,940

See notes to financial statements

**INSIGHT FOR LIVING MINISTRIES CANADA**

**Statement of Operations**

**Year Ended June 30, 2021**

	Operating Fund	Capital Assets Fund	Restricted Funds (Note 13)	2021	2020
<b>REVENUE</b>					
Contributions	\$ 2,176,813	\$ -	\$ -	\$ 2,176,813	\$ 2,065,184
Sales of resource materials	104,693	-	-	104,693	57,363
Interest income	11,773	-	-	11,773	12,078
Other income	3,030	-	-	3,030	9,227
Federal government wage subsidies	-	-	-	-	16,936
	<b>2,296,309</b>	<b>-</b>	<b>-</b>	<b>2,296,309</b>	<b>2,160,788</b>
<b>EXPENSES</b>					
Salaries and benefits	748,061	-	-	748,061	711,931
Media - Canadian stations	453,062	-	-	453,062	463,889
Media - U.S. border stations	211,434	-	-	211,434	224,066
Ministry newsletters	60,612	-	-	60,612	61,044
Office	56,593	-	-	56,593	46,941
Ministry letters	50,842	-	-	50,842	47,751
Cost of merchandise sold	41,425	-	-	41,425	22,640
Postage, courier service and freight	41,010	-	-	41,010	43,009
Bank charges and interest	29,663	-	-	29,663	22,987
Amortization of capital assets	-	28,533	-	28,533	26,028
Facility	26,220	-	-	26,220	28,831
Professional fees	25,521	-	-	25,521	21,386
Communications and printing	19,542	-	-	19,542	23,629
Amortization of intangible assets	-	19,085	-	19,085	12,723
Administration	10,083	-	-	10,083	14,771
Marketing	8,454	-	-	8,454	7,057
Foreign exchange loss (gain)	6,609	-	-	6,609	(416)
Travel and auto	2,993	-	-	2,993	9,400
Ministry relations	1,380	-	-	1,380	2,220
	<b>1,793,504</b>	<b>47,618</b>	<b>-</b>	<b>1,841,122</b>	<b>1,789,887</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<b>\$ 502,805</b>	<b>\$ (47,618)</b>	<b>\$ -</b>	<b>\$ 455,187</b>	<b>\$ 370,901</b>

See notes to financial statements



**INSIGHT FOR LIVING MINISTRIES CANADA**

**Statement of Cash Flows**

**Year Ended June 30, 2021**

	Operating Fund	Capital Assets Fund	Restricted Funds	2021	2020
<b>OPERATING ACTIVITIES</b>					
Excess (deficiency) of revenue over expenses	\$ 502,805	\$ (47,618)	\$ -	\$ 455,187	\$ 370,901
Items not affecting cash:					
Amortization of capital assets	-	28,533	-	28,533	26,028
Amortization of intangible assets	-	19,085	-	19,085	12,723
Unrealized loss (gain) on foreign exchange	1,847	-	-	1,847	(610)
	504,652	-	-	504,652	409,042
Changes in non-cash working capital (Note 7)	(141,493)	-	106,618	(34,875)	(41,854)
	363,159	-	106,618	469,777	367,188
Cash flow from operating activities					
<b>INVESTING ACTIVITIES</b>					
Purchase of investments	(407,519)	-	(269,107)	(676,626)	(110,431)
Purchase of intangible assets	-	-	-	-	(17,429)
Purchase of capital assets	-	(26,743)	-	(26,743)	(39,355)
	(407,519)	(26,743)	(269,107)	(703,369)	(167,215)
Cash flow used by investing activities					
<b>OTHER CASH FLOW ITEMS</b>					
Interfund transfers (Note 6)	(169,333)	26,743	142,590	-	-
Foreign exchange rate changes on cash	(4,499)	-	-	(4,499)	1,634
	(173,832)	26,743	142,590	(4,499)	1,634
<b>INCREASE (DECREASE) IN CASH FLOW</b>					
Cash - beginning of year	(218,192)	-	(19,899)	(238,091)	201,607
	466,292	-	42,770	509,062	307,455
	\$ 248,100	\$ -	\$ 22,871	\$ 270,971	\$ 509,062
<b>CASH - END OF YEAR</b>					
<b>CASH CONSISTS OF:</b>					
Unrestricted cash	\$ 248,100	\$ -	\$ -	\$ 248,100	\$ 466,292
Internally restricted cash	-	-	562	562	20,461
Externally restricted cash	-	-	22,309	22,309	22,309
	\$ 248,100	\$ -	\$ 22,871	\$ 270,971	\$ 509,062

See notes to financial statements

# INSIGHT FOR LIVING MINISTRIES CANADA

## Notes to Financial Statements

Year Ended June 30, 2021

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### 1. PURPOSE OF THE ORGANIZATION

Insight for Living Ministries Canada (the "Society") is incorporated under the Societies Act of British Columbia and is a registered charity under the Income Tax Act and as such is exempt from income taxes.

The Society is established for the purpose of presenting a biblical, Christian ministry through radio programs and other suitable means of teaching and instruction, and to provide counselling.

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### 2. SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Presentation

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

#### Fund Accounting

The Society follows the restricted fund method of accounting for contributions.

The Operating Fund accounts for the Society's program delivery and administrative activities. This fund reports all unrestricted resources.

The Capital Assets Fund reports the internally restricted assets, liabilities and expenses related to the Society's both tangible and intangible capital assets.

The Restricted Funds reports externally restricted contributions that are to be used for specific Society ministries, along with the related expenses. The Restricted Funds also report a portion of estate donations that have been internally restricted.

#### Revenue Recognition

Externally restricted contributions related to general operations are recognized as revenue in the Operating Fund in the year in which the related expenses are incurred. Externally restricted amounts can only be used for purposes designated by the contributor. All other externally restricted contributions are recognized as revenue of the appropriate restricted fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Sales of resource materials are recognized as revenue of the Operating Fund when title passes to the customer, which is generally at the point of shipment.

#### Financial Instruments

All financial instruments are initially recorded at their fair market value. Publicly traded equity instruments quoted in an active market are subsequently measured at fair value with any unrealized gains or losses and transactions costs recognized in net excess (deficiency) of revenue over expenses. All other financial instruments are adjusted for any transaction costs incurred on acquisition and are subsequently measured at their amortized cost. Financial instrument impairments and impairment reversals are recognized when incurred in net excess of revenue over expenses.

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# INSIGHT FOR LIVING MINISTRIES CANADA

## Notes to Financial Statements

Year Ended June 30, 2021

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### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Cash and Cash Equivalents

Any term deposits or similar contractual instruments that are cashable and have a maturity term of three months or less are classified as cash equivalents.

#### Investments

Investments include term deposits that are cashable and have a maturity term of more than three months. These investments have been classified as current assets as they are capable of prompt liquidation and will mature within the next fiscal year.

Any term deposits that do not mature within the next fiscal year or are non-cashable are classified as long term assets.

The term deposits have interest rates from 0.85% to 2.30% per annum (2020 - 1.45% to 2.30%) and varying maturity dates from August 2021 to September 2022.

Accrued interest on the term deposits is presented separately on the Statement of Financial Position as accrued interest receivable.

#### Inventory

Inventory consists of finished goods recognized at shipping point and is valued at the lower of cost and net realizable value with the cost being determined on a weighted average cost basis. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Promotional products are given to donors at no charge and are recognized at cost.

#### Intangible Assets

Software and website are stated at cost less accumulated amortization, with any impairment in the long-term service potential to the Society recognized immediately in excess (deficiency) of revenue over expenses. Software and website are amortized on a straight-line basis over their estimated useful lives of ten and five years, respectively.

#### Capital Assets and Amortization

Capital assets purchased are stated at cost less accumulated amortization. Contributed capital assets are recorded at the fair value as of the date of receipt. Amortization is provided at various rates on a straight line basis designed to amortize the assets over the estimated useful lives. Amortization is reported in the Capital Assets Fund. The amortization rates are as follows:

Buildings	20 years
Furniture and equipment	5 years
Computer equipment	5 years
Living Bridge Media equipment	10 years
Vehicle	10 years

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# INSIGHT FOR LIVING MINISTRIES CANADA

## Notes to Financial Statements

Year Ended June 30, 2021

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### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Foreign Currency Translation

All monetary assets and liabilities of operations denominated in currencies other than Canadian dollars have been translated into Canadian dollars at the rate of exchange in effect at the Statement of Financial Position date. Non-monetary items are translated at historical exchange rates, unless such items are carried at market, in which case they are translated at the rate of exchange in effect at the Statement of Financial Position date. Gains and losses resulting from the translation of assets and liabilities are reflected in excess (deficiency) of revenue over expenses of the year.

Revenue accounts are translated at the current rate of exchange on the date of the transaction and expense accounts are translated at the rate of exchange at the time of payment of the transaction.

#### Contributed Services and Materials

Volunteers assist the Society in carrying out its ministry. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Contributed materials or gifts-in-kind are only recognized when their fair value is reasonably determinable, with such items recorded at fair value on the date of the contribution. During the year, the Society received non-cash gifts-in-kind of \$13,597 of publicly traded shares (2020 - \$12,022 of publicly traded shares).

#### 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Material uncertainties involving management estimates include the determination of useful lives of tangible and intangible assets for the purposes of calculating amortization, specifically for the useful life of the building and software.

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### 3. INTERFUND RECEIVABLE/PAYABLE

Interfund receivables and payables are unsecured, have no specific terms of repayment, and are not interest bearing.

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### 4. INTANGIBLE ASSETS

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Software	\$ 190,850	\$ 31,808	\$ 159,042	\$ 178,127
Website	37,882	37,882	-	-
	<u>\$ 228,732</u>	<u>\$ 69,690</u>	<u>\$ 159,042</u>	<u>\$ 178,127</u>

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**INSIGHT FOR LIVING MINISTRIES CANADA****Notes to Financial Statements****Year Ended June 30, 2021****5. CAPITAL ASSETS**

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Land	\$ 235,638	\$ -	\$ 235,638	\$ 235,638
Buildings	409,558	250,410	159,148	171,333
Furniture and equipment	110,699	75,760	34,939	43,395
Computer equipment	45,852	24,009	21,843	9,343
Living Bridge Media equipment	7,547	247	7,300	-
Vehicle	9,500	6,175	3,325	4,275
	<u>\$ 818,794</u>	<u>\$ 356,601</u>	<u>\$ 462,193</u>	<u>\$ 463,984</u>

**6. INTERFUND TRANSFERS**

During the year, the following interfund transfers occurred:

\$142,590 was transferred from the Operating Fund to the Internally Restricted Legacy Fund according to the gift acceptance policy for estate donations received and interest earned on the internally restricted bank account.

\$26,743 was transferred from the Operating Fund to the Internally Restricted Capital Assets Fund to fund tangible capital asset additions.

**7. CHANGES IN NON-CASH WORKING CAPITAL**

	2021	2020
Accrued interest receivable	\$ (2,464)	\$ -
Recoverable from/payable to government authorities - GST	(26,984)	3,341
Prepaid expenses	10,455	(14,939)
Inventory	6,356	(460)
Accounts payable and accrued liabilities	(24,252)	(25,316)
Accounts payable - Insight for Living Ministries (U.S.)	2,014	(4,480)
	<u>\$ (34,875)</u>	<u>\$ (41,854)</u>

**8. CREDIT FACILITIES**

The Society has a credit facility available of up to \$10,000 with Aldergrove Credit Union. It is in the form of an operating loan line of credit, which bears interest at the Aldergrove Credit Union prime rate plus 1.00% per annum, interest payable monthly. The facility is secured by a first charge on property located at 201-30445 Progressive Way, Abbotsford, BC with a carrying value of \$394,786. The amount used of the credit facility as at June 30, 2021 was \$NIL (2020 - \$NIL).

The Society has an unsecured credit card facility with Aldergrove Credit Union, available for up to \$46,000 (2020 - \$46,000) and bears interest at 20.99% (2020 - 19.90%) per annum on unpaid balances. The outstanding balance of the facility as at June 30, 2021 was \$6,905 (2020 - \$2,550) and the remaining unused credit facility was \$39,095 (2020 - \$43,450).

## INSIGHT FOR LIVING MINISTRIES CANADA

### Notes to Financial Statements

Year Ended June 30, 2021

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#### 9. RELATED PARTY TRANSACTIONS / DUE TO RELATED PARTY

The following is a summary of the Society's related party transactions:

	<u>2021</u>	<u>2020</u>
Insight for Living Ministries (U.S.) (US non-profit organization with significant influence over the Society)		
Media - US border stations	\$ 168,660	\$ 195,044
Inventory	32,797	13,954
Office - software maintenance	15,716	12,904
Software acquisition	-	17,460
Other income	-	(1,057)
Contribution revenue	-	(8,575)
	<u>\$ 217,173</u>	<u>\$ 229,730</u>

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.

Amounts due to Insight for Living Ministries (U.S.) of \$19,130 (2020 - \$19,768) are due according to normal trade payable terms.

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#### 10. REMUNERATION DISCLOSURE

In accordance with the Societies Act of British Columbia, the Society is required to disclose that the highest paid individual that exceeded \$75,000 of annual remuneration was paid a total sum of \$103,415.

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#### 11. FINANCIAL INSTRUMENT RISK

##### Currency Risk

Currency risk is the risk that the Society's fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates due to volatility caused by external factors. The Society is exposed to currency risk and its effect on the exchange gain or loss for the year on the significant amount of U.S. dollar expenses with Insight for Living Ministries (U.S.).

Significant uncertainties and economic challenges arising from the COVID-19 pandemic have served to increase currency risk at year-end, specifically the cost of the significant amount of U.S. dollar expenses could increase.

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#### 12. ECONOMIC DEPENDENCE

The Society is dependant on Insight for Living Ministries (U.S.), (a US non-profit organization with significant influence over the Society) to provide merchandise, media content and ministries to other countries. During the year, the Society's payments to Insight for Living Ministries (U.S.) accounted for 11% (2020 - 12%) of its total expenses.

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**INSIGHT FOR LIVING MINISTRIES CANADA**

**Notes to Financial Statements**

**Year Ended June 30, 2021**

**13. RESTRICTED FUNDS**

	Opening balance	Revenue	Expenses	Interfund transfers	Ending balance
<b>Externally Restricted</b>					
French	\$ 7,544	\$ -	-	-	\$ 7,544
Russian	4,056	-	-	-	4,056
Spanish	3,612	-	-	-	3,612
Mandarin	2,234	-	-	-	2,234
India	2,056	-	-	-	2,056
Vietnamese	1,699	-	-	-	1,699
Hindi	640	-	-	-	640
Philippines	418	-	-	-	418
International	50	-	-	-	50
<b>Total Externally Restricted</b>	<b>22,309</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,309</b>
<b>Internally Restricted</b>					
Legacy Fund	207,199	-	-	142,590	349,789
<b>Total Internally Restricted</b>	<b>207,199</b>	<b>-</b>	<b>-</b>	<b>142,590</b>	<b>349,789</b>
<b>Total Restricted Funds</b>	<b>\$ 229,508</b>	<b>\$ -</b>	<b>-</b>	<b>\$ 142,590</b>	<b>\$ 372,098</b>