

INSIGHT FOR LIVING MINISTRIES CANADA
Financial Statements
June 30, 2022

INSIGHT FOR LIVING MINISTRIES CANADA

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Year Ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

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, 2022, 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, 2022, 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.

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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 16, 2022



Chartered Professional Accountants

INSIGHT FOR LIVING MINISTRIES CANADA
Statement of Financial Position
June 30, 2022

	Operating Fund	Capital Assets Fund	Restricted Funds	2022	2021 (Note 11)
ASSETS					
CURRENT					
Cash	\$ 334,995	\$ -	\$ 126,268	\$ 461,263	\$ 270,971
Investments	741,306	-	268,000	1,009,306	956,972
Accrued interest receivable	8,536	-	-	8,536	6,479
Recoverable from government authorities - GST	14,255	-	-	14,255	4,424
Inventory	62,362	-	-	62,362	56,617
Prepaid expenses	33,152	-	-	33,152	26,435
INVESTMENTS					
INTANGIBLE ASSETS (Note 3)	1,194,606	-	394,268	1,588,874	1,321,898
CAPITAL ASSETS (Note 4)	223,723	-	-	223,723	317,198
	-	139,957	-	139,957	159,042
	-	433,652	-	433,652	462,193
	\$ 1,418,329	\$ 573,609	\$ 394,268	\$ 2,386,206	\$ 2,260,331
LIABILITIES AND FUND BALANCES					
CURRENT					
Accounts payable and accrued liabilities	\$ 40,489	\$ -	\$ -	\$ 40,489	\$ 46,074
Accounts payable - Insight for Living Ministries (U.S.) (Note 8)	16,732	-	-	16,732	19,130
	57,221	-	-	57,221	65,204
FUND BALANCES					
Unrestricted	1,361,108	-	-	1,361,108	1,201,794
Internally restricted for capital assets	-	573,609	-	573,609	621,235
Internally restricted (Note 13)	-	-	375,024	375,024	349,789
Externally restricted (Note 13)	-	-	19,244	19,244	22,309
	1,361,108	573,609	394,268	2,328,985	2,195,127
	\$ 1,418,329	\$ 573,609	\$ 394,268	\$ 2,386,206	\$ 2,260,331

APPROVED BY THE BOARD OF DIRECTORS

Director

Director

See notes to financial statements

INSIGHT FOR LIVING MINISTRIES CANADA
Statement of Changes in Fund Balances
Year Ended June 30, 2022

	Operating Fund	Capital Assets Fund	Restricted Funds (Note 13)	2022	2021
FUND BALANCES - BEGINNING OF YEAR	\$ 1,201,794	\$ 621,235	\$ 372,098	\$ 2,195,127	\$ 1,739,940
Excess (deficiency) of revenue over expenses	186,013	(49,090)	(3,065)	133,858	455,187
Interfund transfers (Note 5)	(26,699)	1,464	25,235	-	-
FUND BALANCES - END OF YEAR	\$ 1,361,108	\$ 573,609	\$ 394,268	\$ 2,328,985	\$ 2,195,127

See notes to financial statements

INSIGHT FOR LIVING MINISTRIES CANADA

Statement of Operations

Year Ended June 30, 2022

	Operating Fund	Capital Assets Fund	Restricted Funds (Note 13)	2022	2021
REVENUE					
Contributions	\$ 1,955,633	\$ -	\$ -	\$ 1,955,633	\$ 2,176,813
Sales of resource materials	71,497	-	-	71,497	104,693
Interest income	14,327	-	-	14,327	11,773
Other income	2,437	-	-	2,437	3,030
	2,043,894	-	-	2,043,894	2,296,309
EXPENSES					
Salaries and benefits	761,345	-	-	761,345	748,061
Media - Canadian stations	469,691	-	-	469,691	453,062
Media - U.S. border stations	205,289	-	-	205,289	211,434
Ministry newsletters	67,003	-	-	67,003	60,612
Office	61,716	-	-	61,716	62,941
Ministry letters	48,679	-	-	48,679	50,842
Postage, courier service and freight	41,323	-	-	41,323	41,010
Professional fees	33,866	-	-	33,866	19,173
Facility	33,000	-	-	33,000	26,220
Bank charges and interest	32,561	-	-	32,561	29,663
Amortization of capital assets	-	30,005	-	30,005	28,533
Cost of merchandise sold	26,681	-	-	26,681	41,425
Marketing	23,392	-	-	23,392	8,454
Communications and printing	19,872	-	-	19,872	19,542
Administration	19,436	-	-	19,436	10,083
Amortization of intangible assets	-	19,085	-	19,085	19,085
Travel and auto	11,662	-	-	11,662	2,993
Designated expenses	-	-	3,065	3,065	-
Ministry relations	1,845	-	-	1,845	1,380
Foreign exchange loss	520	-	-	520	6,609
	1,857,881	49,090	3,065	1,910,036	1,841,122
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 186,013	\$ (49,090)	\$ (3,065)	\$ 133,858	\$ 455,187

See notes to financial statements

INSIGHT FOR LIVING MINISTRIES CANADA

Statement of Cash Flows

Year Ended June 30, 2022

	Operating Fund	Capital Assets Fund	Restricted Funds (Note 13)	2022	2021
OPERATING ACTIVITIES					
Excess (deficiency) of revenue over expenses	\$ 186,013	\$ (49,090)	\$ (3,065)	\$ 133,858	\$ 455,187
Items not affecting cash:					
Amortization of capital assets	-	30,005	-	30,005	28,533
Amortization of intangible assets	-	19,085	-	19,085	19,085
Unrealized loss (gain) on foreign exchange	(168)	-	-	(168)	1,244
Changes in non-cash working capital (Note 6)	185,845	-	(3,065)	182,780	504,049
	(65,200)	-	32,120	(33,080)	(35,284)
Cash flow from operating activities	120,645	-	29,055	149,700	468,765
INVESTING ACTIVITIES					
Redemption (purchase) of investments	(7,966)	-	49,107	41,141	(676,626)
Purchase of capital assets	-	(1,464)	-	(1,464)	(26,743)
Cash flow from (used by) investing activities	(7,966)	(1,464)	49,107	39,677	(703,369)
OTHER CASH FLOW ITEMS					
Interfund transfers (Note 5)	(26,699)	1,464	25,235	-	-
Foreign exchange rate changes on cash	915	-	-	915	(3,487)
	(25,784)	1,464	25,235	915	(3,487)
INCREASE (DECREASE) IN CASH FLOW					
Cash - beginning of year	86,895	-	103,397	190,292	(238,091)
	248,100	-	22,871	270,971	509,062
CASH - END OF YEAR	\$ 334,995	\$ -	\$ 126,268	\$ 461,263	\$ 270,971
CASH CONSISTS OF:					
Unrestricted cash	\$ 334,995	\$ -	\$ -	\$ 334,995	\$ 248,100
Internally restricted cash	-	-	107,024	107,024	562
Externally restricted cash	-	-	19,244	19,244	22,309
	\$ 334,995	\$ -	\$ 126,268	\$ 461,263	\$ 270,971

See notes to financial statements

INSIGHT FOR LIVING MINISTRIES CANADA

Notes to Financial Statements

Year Ended June 30, 2022

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.

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 report 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 financial 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, 2022

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 0.30% to 2.25% per annum (2021 - 0.85% to 2.30%) and varying maturity dates from August 2022 to February 2024.

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. Fully amortized intangible assets are written off.

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

Fully amortized capital assets are written off.

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INSIGHT FOR LIVING MINISTRIES CANADA

Notes to Financial Statements

Year Ended June 30, 2022

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 \$4,453 of publicly traded shares (2021 - \$13,597 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 buildings and software.

3. INTANGIBLE ASSETS

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Software	\$ 190,850	\$ 50,893	\$ 139,957	\$ 159,042
	\$ 190,850	\$ 50,893	\$ 139,957	\$ 159,042

INSIGHT FOR LIVING MINISTRIES CANADA

Notes to Financial Statements

Year Ended June 30, 2022

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Land	\$ 235,638	\$ -	\$ 235,638	\$ 235,638
Buildings	409,558	262,596	146,962	159,148
Furniture and equipment	46,902	21,343	25,559	34,939
Computer equipment	34,208	17,635	16,573	21,843
Living Bridge Media equipment	7,547	1,002	6,545	7,300
Vehicle	9,500	7,125	2,375	3,325
	<u>\$ 743,353</u>	<u>\$ 309,701</u>	<u>\$ 433,652</u>	<u>\$ 462,193</u>

5. INTERFUND TRANSFERS

During the year, the following interfund transfers occurred:

\$25,235 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.

\$1,464 was transferred from the Operating Fund to the Internally Restricted Capital Assets Fund to fund tangible capital asset additions.

6. CHANGES IN NON-CASH WORKING CAPITAL

	2022	2021
Accrued interest receivable	\$ (2,057)	\$ (2,464)
Recoverable from/payable to government authorities - GST	(9,831)	(26,984)
Inventory	(5,745)	6,356
Prepaid expenses	(6,717)	10,455
Accounts payable and accrued liabilities	(5,585)	(24,252)
Accounts payable - Insight for Living Ministries (U.S.)	(3,145)	1,605
	<u>\$ (33,080)</u>	<u>\$ (35,284)</u>

7. 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 \$382,600. The amount used of the credit facility as at June 30, 2022 was \$NIL (2021 - \$NIL).

The Society has an unsecured credit card facility with Aldergrove Credit Union, available for up to \$46,000 and bears interest at 20.99% per annum on unpaid balances. The outstanding balance of the facility as at June 30, 2022 was \$6,626 (2021 - \$6,905) and the remaining unused credit facility was \$39,374 (2021 - \$39,095).

INSIGHT FOR LIVING MINISTRIES CANADA

Notes to Financial Statements

Year Ended June 30, 2022

8. RELATED PARTY TRANSACTIONS / DUE TO RELATED PARTY

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

	<u>2022</u>	<u>2021</u>
Insight for Living Ministries (U.S.) <i>(US non-profit organization with significant influence over the Society)</i>		
Media - US border stations	\$ 163,002	\$ 168,660
Inventory	27,750	32,797
Office - software maintenance	12,072	15,716
Ministries	3,065	-
Contribution revenue	(154)	-
	<u>\$ 205,735</u>	<u>\$ 217,173</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 \$16,732 (2021 - \$19,130) are due according to normal trade payable terms.

9. REMUNERATION DISCLOSURE

In accordance with the Societies Act of British Columbia, the Society is required to disclose that the 4 highest paid individuals that each exceeded \$75,000 of annual remuneration were paid a total sum of \$342,696.

10. 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 10% (2021 - 11%) of its total expenses.

11. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation. Specifically, investments that have a maturity date longer than one year have been reclassified as long term on the Statement of Financial Position.

12. 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.).

INSIGHT FOR LIVING MINISTRIES CANADA

Notes to Financial Statements

Year Ended June 30, 2022

13. RESTRICTED FUNDS

	Opening balance	Revenue	Expenses	Interfund transfers	Ending balance
Externally Restricted					
French	\$ 7,544	\$ -	\$ -	-	7,544
Russian	4,056	-	-	-	4,056
Mandarin	2,234	-	-	-	2,234
India	2,056	-	-	-	2,056
Vietnamese	1,699	-	-	-	1,699
Hindi	640	-	-	-	640
Spanish	3,612	-	(3,065)	-	547
Philippines	418	-	-	-	418
International	50	-	-	-	50
Total Externally Restricted	22,309	-	(3,065)	-	19,244
Internally Restricted					
Legacy Fund	349,789	-	-	25,235	375,024
Total Internally Restricted	349,789	-	-	25,235	375,024
Total Restricted Funds	\$ 372,098	\$ -	\$ (3,065)	\$ 25,235	\$ 394,268