

**INSIGHT FOR LIVING MINISTRIES CANADA**  
**Financial Statements**  
**June 30, 2018**

**INSIGHT FOR LIVING MINISTRIES CANADA**

**Index to Financial Statements**

**Year Ended June 30, 2018**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Insight for Living Ministries Canada

We have audited the accompanying financial statements of Insight for Living Ministries Canada, which comprise the statement of financial position as at June 30, 2018 and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these 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.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Insight for Living Ministries Canada as at June 30, 2018 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.

*Report on Other Legal and Regulatory Requirements*

As required by the Societies Act of British Columbia, we report that, in our opinion, these statements have been applied on a basis consistent with that of the preceding year.

Burnaby, British Columbia  
October 5, 2018

  
Chartered Professional Accountants

**INSIGHT FOR LIVING MINISTRIES CANADA**

**Statement of Financial Position**

**June 30, 2018**

	Operating Fund	Capital Assets Fund	Restricted Funds	2018	2017 (Note 12)
<b>ASSETS</b>					
<b>CURRENT</b>					
Cash	\$ 409,153	\$ -	\$ 33,639	\$ 442,792	\$ 221,116
Investments	436,588	-	-	436,588	212,008
Accrued interest receivable	4,015	-	-	4,015	4,015
Recoverable from government authorities - GST	3,714	-	-	3,714	3,787
Inventory	65,091	-	-	65,091	75,964
Prepaid expenses	23,382	-	-	23,382	33,406
	941,943	-	33,639	975,582	550,296
<b>INVESTMENTS</b>	-	-	-	-	222,461
<b>CAPITAL ASSETS (Note 4)</b>	-	467,841	-	467,841	489,617
	\$ 941,943	\$ 467,841	\$ 33,639	\$ 1,443,423	\$ 1,262,374
<b>LIABILITIES AND FUND BALANCES</b>					
<b>CURRENT</b>					
Accounts payable and accrued liabilities	\$ 79,704	\$ -	\$ -	\$ 79,704	\$ 75,961
Accounts payable - Insight for Living Ministries (U.S.)	15,741	-	-	15,741	19,151
	95,445	-	-	95,445	95,112
<b>FUND BALANCES - page 4</b>					
Unrestricted	846,498	-	-	846,498	644,006
Internally restricted for capital assets	-	467,841	-	467,841	489,617
Externally restricted (Note 5)	-	-	33,639	33,639	33,639
	846,498	467,841	33,639	1,347,978	1,167,262
	\$ 941,943	\$ 467,841	\$ 33,639	\$ 1,443,423	\$ 1,262,374

SUBSEQUENT EVENT (Note 11)

**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, 2018**

	Operating Fund	Capital Assets Fund	Restricted Funds	2018	2017 (Note 12)
<b>BALANCE - BEGINNING OF YEAR</b>	\$ 644,006	\$ 489,617	\$ 33,639	\$ 1,167,262	\$ 1,168,964
Change in accounting policy (Note 2)	-	-	-	-	(31,934)
<b>BALANCE - BEGINNING OF YEAR - Adjusted</b>	644,006	489,617	33,639	<b>1,167,262</b>	1,137,030
Excess (deficiency) of revenue over expenses - page 5	208,262	(27,546)	-	<b>180,716</b>	30,232
Interfund transfer:					
Purchase of capital assets	(5,770)	5,770	-	-	-
<b>FUND BALANCES - END OF YEAR - page 3</b>	<b>\$ 846,498</b>	<b>\$ 467,841</b>	<b>\$ 33,639</b>	<b>\$ 1,347,978</b>	<b>\$ 1,167,262</b>

See notes to financial statements

**INSIGHT FOR LIVING MINISTRIES CANADA**

**Statement of Operations**

**Year Ended June 30, 2018**

	Operating Fund	Capital Assets Fund	Restricted Funds	2018	2017 (Note 12)
<b>REVENUE</b>					
Contributions	\$ 1,899,811	\$ -	\$ 116	\$ 1,899,927	\$ 1,821,983
Sales of resource materials	95,539	-	-	95,539	117,341
Investment income and miscellaneous	15,486	-	-	15,486	26,624
	<u>2,010,836</u>	<u>-</u>	<u>116</u>	<u>2,010,952</u>	<u>1,965,948</u>
<b>EXPENSES</b>					
Salaries and benefits	699,678	-	-	699,678	741,817
Media - Canadian stations	469,636	-	-	469,636	473,726
Media - U.S. border stations	205,637	-	-	205,637	222,787
Ministry newsletters	64,882	-	-	64,882	75,767
Postage, courier service and freight	60,606	-	-	60,606	58,699
Ministry letters	54,917	-	-	54,917	58,791
Merchandise	45,841	-	-	45,841	50,600
Office	36,698	-	-	36,698	39,722
Professional fees	35,441	-	-	35,441	37,483
Amortization	-	27,546	-	27,546	26,293
Bank charges and interest	24,474	-	-	24,474	26,217
Ministry relations	23,978	-	-	23,978	23,621
Facility	22,519	-	-	22,519	21,579
Communications and printing	19,002	-	-	19,002	24,476
Administration	18,215	-	-	18,215	15,138
Marketing	11,301	-	-	11,301	9,288
Travel and auto	9,749	-	-	9,749	8,314
Designated expenses (Note 5)	-	-	116	116	21,398
	<u>1,802,574</u>	<u>27,546</u>	<u>116</u>	<u>1,830,236</u>	<u>1,935,716</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - page 4</b>	<u>\$ 208,262</u>	<u>\$ (27,546)</u>	<u>\$ -</u>	<u>\$ 180,716</u>	<u>\$ 30,232</u>

See notes to financial statements

**INSIGHT FOR LIVING MINISTRIES CANADA**

**Statement of Cash Flows**

**Year Ended June 30, 2018**

	Operating Fund	Capital Assets Fund	Restricted Funds	2018	2017 (Note 12)
<b>OPERATING ACTIVITIES</b>					
Excess (deficiency) of revenue over expenses for the year - page 5	\$ 208,262	\$ (27,546)	\$ -	\$ 180,716	\$ 30,232
Item not affecting cash:					
Amortization	-	27,546	-	27,546	26,293
	208,262	-	-	208,262	56,525
Changes in non-cash working capital (Note 6)	21,304	-	-	21,304	(15,483)
	229,566	-	-	229,566	41,042
<b>INVESTING ACTIVITIES</b>					
Purchase of investments	(2,120)	-	-	(2,120)	(5,648)
Purchase of capital assets	-	(5,770)	-	(5,770)	(8,923)
	(2,120)	(5,770)	-	(7,890)	(14,571)
<b>FINANCING ACTIVITY</b>					
Loan repayment	-	-	-	-	(11,013)
	-	-	-	-	(11,013)
<b>INTERFUND TRANSFERS</b>					
Purchase of capital assets	(5,770)	5,770	-	-	-
<b>INCREASE IN CASH FLOW</b>					
	221,676	-	-	221,676	15,458
Cash - beginning of year	187,477	-	33,639	221,116	205,658
<b>CASH - END OF YEAR</b>	<b>\$ 409,153</b>	<b>\$ -</b>	<b>\$ 33,639</b>	<b>\$ 442,792</b>	<b>\$ 221,116</b>
<b>CASH CONSISTS OF:</b>					
Unrestricted cash	\$ 409,153	\$ -	\$ -	\$ 409,153	\$ 187,477
Externally restricted cash	-	-	33,639	33,639	33,639
	\$ 409,153	\$ -	\$ 33,639	\$ 442,792	\$ 221,116

See notes to financial statements



# INSIGHT FOR LIVING MINISTRIES CANADA

## Notes to Financial Statements

Year Ended June 30, 2018

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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. CHANGE IN ACCOUNTING POLICY

The Society previously did not report its accrued vacation payable for salaried employees which resulted in an understatement of accrued liabilities and expenses. To account for this correction, in the prior year, opening Operating Fund Balances decreased \$31,934 and accounts payable and accrued liabilities on the Statement of Financial Position increased by \$31,934.

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### 3. 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.

#### 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 capital assets.

The Restricted Funds report externally restricted contributions that are to be used for specific Society ministries, along with the related expenses.

#### 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 when title passes to the customer, which is generally at the point of shipment.

Unrestricted investment income is recognized as revenue when earned on an accrual basis.

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# INSIGHT FOR LIVING MINISTRIES CANADA

## Notes to Financial Statements

Year Ended June 30, 2018

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### 3. 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 consist of 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 1.0% to 1.4% (2017 - 1.0% to 1.4%) and maturity dates of August 2018 to February 2019.

Accrued interest receivable is presented separately on the Statement of Financial Position.

#### Inventory

The 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.

#### 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
Vehicle	10 years
Furniture and equipment	5 years
Computer equipment	5 years
Website	5 years

#### 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 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.

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**INSIGHT FOR LIVING MINISTRIES CANADA****Notes to Financial Statements****Year Ended June 30, 2018****3. SIGNIFICANT ACCOUNTING POLICIES (continued)**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 \$3,549 of private shares (2017 - \$23,845 of private shares).

**4. CAPITAL ASSETS**

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Land	\$ 235,638	\$ -	\$ 235,638	\$ 235,638
Buildings	409,558	213,853	195,705	207,890
Vehicle	9,500	3,325	6,175	7,125
Furniture and equipment	64,779	49,043	15,736	23,329
Computer equipment	45,936	31,349	14,587	15,635
Website	37,882	37,882	-	-
	<b>\$ 803,293</b>	<b>\$ 335,452</b>	<b>\$ 467,841</b>	<b>\$ 489,617</b>

**5. RESTRICTED FUNDS**

Activity in the externally restricted funds is as follows:

	Opening balance	Contributions	Expenses	Closing balance
Russian Ministry	\$ 9,385	\$ -	\$ -	\$ 9,385
French Ministry	7,544	-	-	7,544
Arabic Ministry	6,000	-	-	6,000
Spanish Ministry	3,612	-	-	3,612
Mandarin Ministry	2,234	-	-	2,234
India Ministry	2,056	-	-	2,056
Vietnamese Ministry	1,699	-	-	1,699
Hindi Ministry	640	-	-	640
Filipino Ministry	419	-	-	419
International Ministry	50	-	-	50
Paws & Tales	-	116	116	-
	<b>\$ 33,639</b>	<b>\$ 116</b>	<b>\$ 116</b>	<b>\$ 33,639</b>

# INSIGHT FOR LIVING MINISTRIES CANADA

## Notes to Financial Statements

Year Ended June 30, 2018

### 6. CHANGES IN NON-CASH WORKING CAPITAL

	<u>2018</u>	<u>2017</u>
Recoverable from government authorities - GST	\$ 73	\$ 897
Inventory	10,873	(3,803)
Prepaid expenses	10,024	(2,498)
Accounts payable and accrued liabilities	3,744	(9,911)
Accounts payable - Insight for Living (U.S.)	<u>(3,410)</u>	<u>(168)</u>
	<u>\$ 21,304</u>	<u>\$ (15,483)</u>

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

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

	<u>2018</u>	<u>2017</u>
Insight for Living Ministries (U.S.) <i>(US non-profit organization with significant influence over the Society)</i>		
Media - US border stations	\$ 183,566	\$ 199,951
Merchandise and inventory	29,390	41,328
Paws & Tales	612	1,010
Contribution revenue	<u>(3,537)</u>	<u>(3,710)</u>
	<u>\$ 210,031</u>	<u>\$ 238,579</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 \$15,741 (2017 - \$19,151) are due according to normal trade payable terms.

### 8. LINE OF CREDIT

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%, interest payable monthly. The amount used of the credit facility as at June 30, 2018 was \$NIL (2017 - \$NIL).

### 9. REMUNERATION DISCLOSURE

As required by the Societies Act of British Columbia, the Society discloses that the highest paid individual and person under a contract for services that exceeded \$75,000 of annual remuneration is as follows:

Executive Director	<u>\$ 97,262</u>
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## INSIGHT FOR LIVING MINISTRIES CANADA

### Notes to Financial Statements

Year Ended June 30, 2018

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#### 10. 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.

##### 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 U.S. dollar expenses with Insight for Living Ministries (U.S.).

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#### 11. SUBSEQUENT EVENT

The following event occurred subsequent to the fiscal year end:

##### Purchase of Software License

Effective July 31, 2018, Insight for Living Ministries (U.S.) has entered into a contract with DonorDirect.com for the software license, services and maintenance agreement for the use of Studio Enterprise and Studio Online software, a donor and inventory management system. The software will be implemented amongst four international Insight for Living Ministries offices, including Canada. At minimum, the Society will be required to pay a total of \$129,146 USD for the license and estimated installation of software.

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#### 12. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation. Specifically, investments held with terms that mature beyond one year are presented separately on the Statement of Financial Position as long term investments.

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