

YOUTH WITH A MISSION (BC) SOCIETY

Financial Statements

December 31, 2022

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YOUTH WITH A MISSION (BC) SOCIETY
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Year Ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Members of Youth With A Mission (BC) Society

Report on the Financial Statements

Opinion

We have audited the financial statements of Youth With A Mission (BC) Society (the "Society"), which comprise the statement of financial position as at December 31, 2022, and the statements of changes in net assets, 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 December 31, 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.

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:

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Independent Auditor's Report to the Members of Youth With A Mission (BC) Society (continued)

- 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.

[Redacted Signature]

[Redacted Signature]
Chartered Professional Accountants

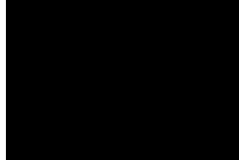
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YOUTH WITH A MISSION (BC) SOCIETY
Statement of Financial Position
December 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 1,354,548	\$ 1,036,900
Investment (Note 3)	60,124	-
Accounts receivable	6,624	15,490
Recoverable from government authorities - GST	6,398	6,189
Prepaid expenses	9,626	2,481
	<u>1,437,320</u>	<u>1,061,060</u>
INVESTMENT (Note 3)	-	52,748
CAPITAL ASSETS (Note 4)	<u>34,091</u>	<u>46,568</u>
	<u>\$ 1,471,411</u>	<u>\$ 1,160,376</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 4,347	\$ 9,276
Deferred contributions (Note 5)	691,725	311,967
Unearned revenue	25,497	4,000
Due to related parties (Note 6)	<u>172,266</u>	<u>81,003</u>
	<u>893,835</u>	<u>406,246</u>
NET ASSETS	<u>577,576</u>	<u>754,130</u>
	<u>\$ 1,471,411</u>	<u>\$ 1,160,376</u>

LEASE COMMITMENTS (Note 7)

ON BEHALF OF THE BOARD



Director

Director

YOUTH WITH A MISSION (BC) SOCIETY
Statement of Changes in Net Assets
Year Ended December 31, 2022

	2022	2021
NET ASSETS - BEGINNING OF YEAR	\$ 754,130	\$ 818,492
Deficiency of revenue over expenses	(176,554)	(64,362)
NET ASSETS - END OF YEAR	\$ 577,576	\$ 754,130

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YOUTH WITH A MISSION (BC) SOCIETY
Statement of Operations
Year Ended December 31, 2022

	2022	2021
REVENUE		
Contributions	\$ 14,024,004	\$ 16,111,569
Program revenue	201,869	145,953
Rent	12,000	-
Administrative fees	11,225	59,765
Investment and interest income	4,257	3
Foreign exchange loss	(1,248)	(1,985)
	<u>14,252,107</u>	<u>16,315,305</u>
EXPENSES		
Sub-contractors	13,924,563	15,896,130
Program expenses	152,465	81,550
Gifts to qualified donees	117,588	145,972
Professional fees	66,092	87,623
Rent	61,957	72,637
Insurance, licenses and fees	20,563	21,532
Office	20,367	30,742
Training	17,866	1,835
Interest and bank charges	13,131	13,486
Amortization	7,711	8,250
Utilities	7,379	9,040
Travel	6,458	4,453
Repairs and maintenance	6,403	7,297
Advertising	2,627	732
Hospitality	1,852	1,888
	<u>14,427,022</u>	<u>16,383,167</u>
DEFICIENCY OF REVENUE OVER EXPENSES FROM OPERATIONS	<u>(174,915)</u>	<u>(67,862)</u>
OTHER REVENUE (EXPENSES)		
Impairment recovery on investments	3,129	-
Gain (loss) on disposal of capital assets	(4,768)	3,500
	<u>(1,639)</u>	<u>3,500</u>
DEFICIENCY OF REVENUE OVER EXPENSES	<u>\$ (176,554)</u>	<u>\$ (64,362)</u>

See notes to financial statements

YOUTH WITH A MISSION (BC) SOCIETY
Statement of Cash Flows
Year Ended December 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	\$ (176,554)	\$ (64,362)
Items not affecting cash:		
Amortization	7,711	8,250
Loss on disposal of capital assets	4,768	-
	(164,075)	(56,112)
Changes in non-cash working capital:		
Accounts receivable	8,866	4,063
Accrued receivables	-	508,049
Recoverable from government authorities - GST	(209)	4,157
Prepaid expenses	(7,145)	(237)
Accounts payable	(4,931)	(78,642)
Deferred contributions	379,758	134,797
Unearned revenue	21,497	(500)
	397,836	571,687
Cash flow from operating activities	233,761	515,575
INVESTING ACTIVITY		
Increase to investments for share exchange and income reinvestment	(7,376)	-
FINANCING ACTIVITY		
Advances from related parties	91,263	73,252
INCREASE IN CASH FLOW	317,648	588,827
Cash - beginning of year	1,036,900	448,073
CASH - END OF YEAR	\$ 1,354,548	\$ 1,036,900
CASH CONSISTS OF:		
Unrestricted cash	\$ 662,823	\$ 724,933
Externally restricted cash	691,725	311,967
	\$ 1,354,548	\$ 1,036,900

See notes to financial statements

YOUTH WITH A MISSION (BC) SOCIETY

Notes to Financial Statements

Year Ended December 31, 2022

1. PURPOSE OF THE SOCIETY

The purpose of Youth With a Mission (BC) Society (the "Society") is to actively involve youth in ministry and outreach work across the world through evangelism, discipleship training, and mercy ministries.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Revenue recognition

The Society follows the deferral method of accounting for contributions.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Externally restricted amounts can only be used for purposes designated by the contributor.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Program revenue is recognized when the related program services are provided with any payments received in advance of service delivery recorded as unearned revenue.

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 transaction 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 (deficiency) of revenue over expenses.

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.

Investment

The investment consists of shares in a mutual fund trust and is recorded at cost plus reinvested income within the fund, less any impairment allowance identified. It has been classified as a current asset as the unit holders of the fund have the option to redeem, whereas the prior investment was presented as long term as it was not capable of prompt liquidation before the share exchange transaction. For additional details, see Note 3.

(continues)

YOUTH WITH A MISSION (BC) SOCIETY
Notes to Financial Statements
Year Ended December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Capital assets

Capital assets purchased are stated at cost less accumulated amortization. Amortization is provided at various rates and methods designed to amortize the assets over the estimated useful lives as follows:

Furniture and equipment	20%	declining balance method
Vehicles	30%	declining balance method
Leasehold improvements	5 years	straight-line method
Computer equipment	30%	declining balance method

Sub-contractors expense

The sub-contractors expense represents payments made to missionaries and other Youth With A Mission organizations that perform ministry and outreach work as outlined under their contracts and agency agreements with the Society. The actual costs of the project work are the responsibility of the sub-contractors.

Contributed services and materials

The Society relies on numerous volunteers to carry out its ministry. Because of the difficulty of determining the value of these services, they are not recognized in the financial statements.

Contributed materials or gifts-in-kind are only recognized when their fair value is reasonably determinable and significant, 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 \$NIL (2021 - \$NIL).

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 and expense accounts are translated at the current rate of exchange at the time of the transaction.

YOUTH WITH A MISSION (BC) SOCIETY**Notes to Financial Statements****Year Ended December 31, 2022****3. INVESTMENT**

	2022	2021
Class A shares of [REDACTED] Fund	\$ 55,877	\$ -
Reinvested income earned within the fund	4,247	-
Preferred shares of privately held Mortgage Investment Corporation	-	94,193
Impairment allowance	-	(41,445)
	<u>\$ 60,124</u>	<u>\$ 52,748</u>

During the year, the directors of the Society elected to exchange the preferred shares for class A units of the [REDACTED] Fund (the "Fund") and warrants to purchase additional units. The Fund is not publicly traded or insured, and contains investments that are exposed to foreign currency and commodity price risks.

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Furniture and equipment	\$ 64,505	\$ 32,987	\$ 31,518	\$ 39,482
Vehicles	36,202	33,629	2,573	3,675
Leasehold improvements	-	-	-	3,318
Computer equipment	-	-	-	93
	<u>\$ 100,707</u>	<u>\$ 66,616</u>	<u>\$ 34,091</u>	<u>\$ 46,568</u>

Furniture and equipment with a net book value of \$11,711 was held in storage for the year and was not in use, therefore no amortization was recorded for 2022.

5. DEFERRED CONTRIBUTIONS

Deferred contributions are externally restricted by the donor for various projects and are unspent at year-end. These contributions will be recognized as revenue in the year in which the Society incurs the related expenses.

	2022	2021
Balance, beginning of year	\$ 311,967	\$ 177,170
Restricted contributions received during the year	14,327,703	16,216,041
Payments for subcontractors and other project expenses	(13,947,945)	(16,081,244)
	<u>\$ 691,725</u>	<u>\$ 311,967</u>

YOUTH WITH A MISSION (BC) SOCIETY
Notes to Financial Statements
Year Ended December 31, 2022

6. RELATED PARTY TRANSACTIONS AND DUE FROM/TO RELATED PARTIES

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

	<u>2022</u>	<u>2021</u>
<u>Related party transactions</u>		
Youth With A Mission Foundation (Related by common directors)		
Contributions revenue	\$ 13,947,945	\$ 16,081,244
Rent revenue	12,000	-
Administrative fees revenue	11,225	59,765
Donations expense	(2,513)	-
	<u>\$ 13,968,657</u>	<u>\$ 16,141,009</u>
 Youth With A Mission (Canada), Inc. (Related by common directors)		
Donations expense	<u>\$ (69,908)</u>	<u>\$ (117,424)</u>

The above 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.

Due to related parties

	<u>2022</u>	<u>2021</u>
Current portion due to related parties		
Youth With A Mission Foundation	\$ 172,266	\$ 77,481
Youth With A Mission (Canada), Inc.	-	3,522
	<u>\$ 172,266</u>	<u>\$ 81,003</u>

Amounts due to related parties are unsecured, non-interest bearing and have no set repayment terms.

7. LEASE COMMITMENTS

The Society has an operating lease with respect to its premises. The lease total is up to \$1,250 per month and expires October 1, 2023. Future minimum lease payments as at the report date are as follows:

2023	<u>\$ 11,250</u>
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YOUTH WITH A MISSION (BC) SOCIETY

Notes to Financial Statements

Year Ended December 31, 2022

8. DIRECTOR REMUNERATION

In accordance with the Societies Act of British Columbia, the Society is required to disclose that Directors were compensated as follows:

President (sub-contract payments)	\$ 27,333
Treasurer/Secretary (sub-contract payments)	<u>25,300</u>
	<u>\$ 52,633</u>

9. REMUNERATION DISCLOSURE

In accordance with the Societies Act of British Columbia, the Society is required to disclose that the three highest paid individuals and persons under a contract for services that exceeded \$75,000 of annual remuneration were paid a total sum of \$267,417.

10. FINANCIAL INSTRUMENTS RISKS

Credit risk

Credit risk arises from the potential that a counter-party will fail to perform its obligations. The Society is exposed to credit risk for its cash deposits. Exposures to credit risk and significant changes to the risk exposure from the prior year are as follows:

- Cash held at year-end exceed the amounts covered by the Canadian Deposit Insurance Corporation, serving to increase credit risk. The Society mitigates this risk by depositing their cash a with large, high quality financial institution.

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 cash held in U.S. dollar bank accounts totaling approximately \$25,715 at year-end (2021 - \$53,750).
