

YOUTH WITH A MISSION (BC) SOCIETY
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Year Ended December 31, 2021

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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, 2021, 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, 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.

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.

Burnaby, British Columbia

Chartered Professional Accountants

YOUTH WITH A MISSION (BC) SOCIETY
Statement of Financial Position
December 31, 2021

	2021	2020 (Note 2)
ASSETS		
CURRENT		
Cash	\$ 1,036,900	\$ 448,073
Accounts receivables	15,490	19,553
Accrued receivables	-	508,049
Recoverable from government authorities - GST	6,189	10,346
Prepaid expenses	2,481	2,244
	<u>1,061,060</u>	<u>988,265</u>
INVESTMENT (Note 4)	52,748	52,748
CAPITAL ASSETS (Note 5)	<u>46,568</u>	<u>54,818</u>
	<u>\$ 1,160,376</u>	<u>\$ 1,095,831</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 9,276	\$ 87,918
Deferred contributions (Note 7)	311,967	177,170
Unearned revenue	4,000	4,500
Due to related parties (Note 6)	81,003	7,751
	<u>406,246</u>	<u>277,339</u>
NET ASSETS	<u>754,130</u>	<u>818,492</u>
	<u>\$ 1,160,376</u>	<u>\$ 1,095,831</u>

LEASE COMMITMENTS (Note 8)

ON BEHALF OF THE BOARD



Director

Director

YOUTH WITH A MISSION (BC) SOCIETY
Statement of Changes in Net Assets
Year Ended December 31, 2021

	2021	2020
NET ASSETS - BEGINNING OF YEAR		
As previously reported	\$ 310,443	\$ 983,821
Restricted contributions adjustment (Note 2)	508,049	-
As restated	818,492	983,821
Deficiency of revenue over expenses	(64,362)	(165,329)
NET ASSETS - END OF YEAR	\$ 754,130	\$ 818,492

See notes to financial statements

YOUTH WITH A MISSION (BC) SOCIETY**Statement of Operations****Year Ended December 31, 2021**

	2021	2020 (Note 2)
REVENUE		
Contributions	\$ 16,110,811	\$ 13,798,048
Program revenue	146,712	122,439
Administrative fees	59,765	88,160
Interest and other income	3	52
Foreign exchange loss	(1,985)	(5,628)
	<u>16,315,306</u>	<u>14,003,071</u>
EXPENSES		
Sub-contractors	15,896,130	13,640,093
Donations	145,972	138,833
Professional fees	87,623	104,975
Program expenses	81,550	54,659
Rent	72,637	129,187
Office	30,742	25,307
Insurance, licenses and fees	21,532	20,298
Interest and bank charges	13,487	13,600
Utilities	9,040	7,940
Amortization	8,250	18,813
Repairs and maintenance	7,297	221
Travel	4,453	4,890
Hospitality	1,888	288
Training	1,835	6,009
Advertising	732	3,287
	<u>16,383,168</u>	<u>14,168,400</u>
DEFICIENCY OF REVENUE OVER EXPENSES FROM OPERATIONS	(67,862)	(165,329)
OTHER REVENUE		
Gain on disposal of capital assets	<u>3,500</u>	<u>-</u>
DEFICIENCY OF REVENUE OVER EXPENSES	\$ (64,362)	\$ (165,329)

See notes to financial statements

YOUTH WITH A MISSION (BC) SOCIETY
Statement of Cash Flows
Year Ended December 31, 2021

	2021	2020 (Note 2)
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	\$ (64,362)	\$ (165,329)
Item not affecting cash:		
Amortization	8,250	18,813
	<u>(56,112)</u>	<u>(146,516)</u>
Changes in non-cash working capital:		
Accounts receivables	4,063	(5,548)
Accrued receivables	508,049	(508,049)
Recoverable from government authorities - GST	4,157	(4,420)
Prepaid expenses	(237)	8,915
Building deposit	-	21,585
Accounts payable	(78,642)	75,231
Deferred contributions	134,797	105,939
Unearned revenue	(500)	(19,319)
	<u>571,687</u>	<u>(325,666)</u>
Cash flow from (used by) operating activities	<u>515,575</u>	<u>(472,182)</u>
INVESTING ACTIVITIES		
Decrease in loan receivable	-	50,000
Proceeds on redemption of investment	-	36,852
Cash flow from investing activities	<u>-</u>	<u>86,852</u>
FINANCING ACTIVITY		
Advances from related parties	73,252	186,462
INCREASE (DECREASE) IN CASH FLOW	<u>588,827</u>	<u>(198,868)</u>
Cash - beginning of year	<u>448,073</u>	<u>646,941</u>
CASH - END OF YEAR	<u>\$ 1,036,900</u>	<u>\$ 448,073</u>
CASH CONSISTS OF:		
Unrestricted cash	\$ 724,933	\$ 270,903
Externally restricted cash	311,967	177,170
	<u>\$ 1,036,900</u>	<u>\$ 448,073</u>

See notes to financial statements

YOUTH WITH A MISSION (BC) SOCIETY

Notes to Financial Statements

Year Ended December 31, 2021

1. PURPOSE OF THE SOCIETY

The purpose of 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.

The Society's operations have been significantly affected by the COVID-19 pandemic. Although contributions revenue levels have improved and more missions work and training have been able to resume in 2021 over decreased levels in 2020, significant uncertainty still exists. The easing of provincial health restrictions and continuing emergence of new variants could lead to increased infection levels that might require travel and other restrictions to once again be put into place that would negatively affect the Society's missions work in foreign countries and training programs consisting of more Canadian than international students. The effectiveness of vaccines and infection immunity against new variants will determine the degree to which operations will be affected by the pandemic over the next year.

2. RESTRICTED CONTRIBUTIONS ADJUSTMENT

The Society has retrospectively adjusted its financial statements for the recognition of restricted contributions receivable that were previously not accrued in the prior year. In 2020, restricted contributions were received by Youth With A Mission Foundation near year-end but not paid to the Society until early 2021 and as such recorded as revenue in 2021. However, the Society paid the restricted subcontract expenses related to these contributions before the end of 2020 and as such those contributions became receivable for the Society and payable by the Foundation since the restricted use requirements had been fulfilled with only the transfer of cash delayed. As a result, the amount should have been recorded as an accrued receivable and the related revenue recognized.

To account for this adjustment in the current year, opening net assets increased by \$508,049 and contributions decreased by \$508,049. For the prior year figures, both accrued receivables and contributions increased by \$508,049 with the 2020 deficiency of revenue over expenses restated accordingly.

3. 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").

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YOUTH WITH-A MISSION (BC) SOCIETY
Notes to Financial Statements
Year Ended December 31, 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 is recorded at cost less an impairment allowance and has been classified as a long term asset as it is not capable of prompt liquidation. For additional details, see *Note 4*.

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
Leasehold improvements	5 years	straight-line method
Vehicles	30%	declining balance 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.

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YOUTH WITH A MISSION (BC) SOCIETY

Notes to Financial Statements

Year Ended December 31, 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 (2020 - \$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.

4. INVESTMENT

	2021	2020
Preferred shares of privately held Mortgage Investment Corporation	\$ 94,193	\$ 94,193
Impairment allowance	(41,445)	(41,445)
	<u>\$ 52,748</u>	<u>\$ 52,748</u>

Subsequent to the year-end, the directors of the Society elected to exchange the above preferred shares for class A units of the [REDACTED] Fund and warrants to purchase additional units. The impact that this will have on the investment's value is not measurable as at the report date.

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Furniture and equipment	\$ 85,841	\$ 46,359	\$ 39,482	\$ 39,482
Leasehold improvements	33,175	29,857	3,318	9,953
Vehicles	36,202	32,527	3,675	5,250
Computer equipment	1,613	1,520	93	133
	<u>\$ 156,831</u>	<u>\$ 110,263</u>	<u>\$ 46,568</u>	<u>\$ 54,818</u>

Furniture and equipment with a net book value of \$39,482 was placed into storage for the year and was not in use, therefore no amortization was recorded for 2021.

YOUTH WITH A MISSION (BC) SOCIETY

Notes to Financial Statements

Year Ended December 31, 2021

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

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

	2021	2020 (Note 2)
<u>Related party transactions</u>		
Youth With A Mission Foundation (Related by common directors)		
Contributions revenue	\$ 16,081,244	\$ 13,780,816
Administrative fees revenue	59,765	88,160
Donations expense	-	(6,154)
	<u>\$ 16,141,009</u>	<u>\$ 13,862,822</u>
 Youth With A Mission (Canada) Inc. (Related by common directors)		
Donations expense	<u>\$ (117,424)</u>	<u>\$ (66,576)</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.

The Society provided remuneration of \$14,060 to a sub-contractor (an individual related to a director), included in sub-contractors expense on the Statement of Operations. 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.

Due to related parties

	2021	2020
Current portion due to related parties		
Youth With A Mission Foundation	\$ 77,481	\$ 4,229
Youth With A Mission Canada Inc.	3,522	3,522
	<u>\$ 81,003</u>	<u>\$ 7,751</u>

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

The 2020 accrued receivables includes \$508,049 owing from Youth With A Mission Foundation at year-end as described in Note 2.

YOUTH WITH A MISSION (BC) SOCIETY

Notes to Financial Statements

Year Ended December 31, 2021

7. 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.

	2021	2020 (Note 2)
Balance, beginning of year	\$ 177,170	\$ 71,231
Restricted contributions either received during the year or receivable at year-end	16,216,041	13,886,755
Payments for subcontractors and other project expenses	(16,081,244)	(13,780,816)
	<u>\$ 311,967</u>	<u>\$ 177,170</u>

8. LEASE COMMITMENTS

The Society has an operating lease with respect to its premises. The lease total is up to \$1,900 per month and expires June 26, 2022. Future minimum lease payments as at the report date are as follows:

2022	<u>\$ 9,125</u>
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9. DIRECTOR REMUNERATION

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

Treasurer/Secretary (sub-contract payments)	\$ 29,500
President (sub-contract payments)	<u>22,695</u>
	<u>\$ 52,195</u>

10. REMUNERATION DISCLOSURE

In accordance with the Societies Act of British Columbia, the Society is required to disclose that the five highest paid individuals and persons under a contract for services that exceeded \$75,000 of annual remuneration were paid a total sum of \$568,930.

YOUTH WITH A MISSION (BC) SOCIETY

Notes to Financial Statements

Year Ended December 31, 2021

11. 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 \$53,750 at year-end (2020 - \$116,726).
