

INSIGHT FOR LIVING MINISTRIES CANADA
Financial Statements
June 30, 2025

INSIGHT FOR LIVING MINISTRIES CANADA

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Year Ended June 30, 2025

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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, 2025, 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, 2025, 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:

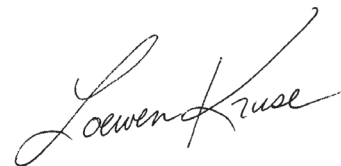
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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 27, 2025



Chartered Professional Accountants

INSIGHT FOR LIVING MINISTRIES CANADA

Statement of Financial Position

June 30, 2025

	Operating Fund	Capital Assets Fund	Restricted Funds	2025	2024
ASSETS					
CURRENT					
Cash and cash equivalents (Note 9)	\$ 244,772	\$ -	\$ 36,412	\$ 281,184	\$ 309,338
Investments	515,372	-	326,139	841,511	1,202,830
Accrued interest receivable	44,441	-	-	44,441	39,147
Recoverable from government authorities - GST	4,384	-	-	4,384	4,001
Inventory (Note 3)	66,611	-	-	66,611	62,820
Prepaid expenses	27,070	-	-	27,070	71,774
Prepaid deposit	-	-	-	-	22,337
INVESTMENTS	902,650	-	362,551	1,265,201	1,712,247
PREPAID EXPENSES	316,000	-	260,073	576,073	270,882
INTANGIBLE ASSETS (Note 4)	3,957	-	-	3,957	10,972
CAPITAL ASSETS (Note 5)	-	105,039	-	105,039	101,787
	-	372,705	-	372,705	396,526
	\$ 1,222,607	\$ 477,744	\$ 622,624	\$ 2,322,975	\$ 2,492,414
LIABILITIES AND FUND BALANCES					
CURRENT					
Accounts payable and accrued liabilities (Note 6)	\$ 175,033	\$ -	\$ -	\$ 175,033	\$ 127,582
Account payable - Insight for Living Ministries (U.S.) (Note 10)	34,164	-	-	34,164	37,467
	209,197	-	-	209,197	165,049
FUND BALANCES					
Unrestricted	1,013,410	-	-	1,013,410	1,244,153
Internally restricted for capital assets	-	477,744	-	477,744	498,312
Internally restricted (Note 16)	-	-	603,380	603,380	565,656
Externally restricted (Note 16)	-	-	19,244	19,244	19,244
	1,013,410	477,744	622,624	2,113,778	2,327,365
	\$ 1,222,607	\$ 477,744	\$ 622,624	\$ 2,322,975	\$ 2,492,414

COMMITMENT (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, 2025

	Operating Fund	Capital Assets Fund	Restricted Funds (Note 16)	2025	2024
FUND BALANCES - BEGINNING OF YEAR	\$ 1,244,153	\$ 498,312	\$ 584,900	\$ 2,327,365	\$ 2,415,599
Deficiency of revenue over expenses	(163,654)	(49,933)	-	(213,587)	(88,234)
Interfund transfers (Note 7)	(67,089)	29,365	37,724	-	-
FUND BALANCES - END OF YEAR	\$ 1,013,410	\$ 477,744	\$ 622,624	\$ 2,113,778	\$ 2,327,365

See notes to financial statements

INSIGHT FOR LIVING MINISTRIES CANADA
Statement of Operations
Year Ended June 30, 2025

	Operating Fund	Capital Assets Fund	Restricted Funds (Note 16)	2025	2024
REVENUE					
Contributions	\$ 1,835,558	\$ -	-	\$ 1,835,558	\$ 1,858,385
Interest income	69,124	-	-	69,124	83,044
Sales of resource materials	51,181	-	-	51,181	67,387
Other income	6,246	-	-	6,246	1,959
	<u>1,962,109</u>	<u>-</u>	<u>-</u>	<u>1,962,109</u>	<u>2,010,775</u>
EXPENSES					
Salaries and benefits	906,759	-	-	906,759	831,359
Media - Canadian stations	468,837	-	-	468,837	486,018
Media - U.S. border stations	235,354	-	-	235,354	225,905
Professional fees	160,017	-	-	160,017	98,628
Ministry newsletters	61,543	-	-	61,543	71,100
Ministry letters	47,604	-	-	47,604	48,720
Facility	45,398	-	-	45,398	59,430
Office	45,039	-	-	45,039	45,240
Bank charges and interest	31,774	-	-	31,774	32,807
Amortization of capital assets	-	30,848	-	30,848	31,221
Postage, courier service and freight	28,735	-	-	28,735	35,593
Cost of merchandise sold	28,195	-	-	28,195	20,173
Amortization of intangible assets	-	19,085	-	19,085	19,085
Ministry relations	16,671	-	-	16,671	10,909
Communications and printing	14,794	-	-	14,794	20,587
Marketing	14,532	-	-	14,532	17,925
Administration	11,238	-	-	11,238	18,111
Travel and auto	5,887	-	-	5,887	16,134
Foreign exchange (gain) loss	3,386	-	-	3,386	(607)
	<u>2,125,763</u>	<u>49,933</u>	<u>-</u>	<u>2,175,696</u>	<u>2,088,338</u>
DEFICIENCY OF REVENUE OVER EXPENSES FROM OPERATIONS	(163,654)	(49,933)	-	(213,587)	(77,563)
OTHER INCOME (EXPENSES)					
Interest on VDP filing assessment	-	-	-	-	(10,671)
DEFICIENCY OF REVENUE OVER EXPENSES	<u>\$ (163,654)</u>	<u>\$ (49,933)</u>	<u>\$ -</u>	<u>\$ (213,587)</u>	<u>\$ (88,234)</u>

See notes to financial statements

INSIGHT FOR LIVING MINISTRIES CANADA

Statement of Cash Flows

Year Ended June 30, 2025

	Operating Fund	Capital Assets Fund	Restricted Funds (Note 16)	2025	2024
OPERATING ACTIVITIES					
Deficiency of revenue over expenses	\$ (163,654)	\$ (49,933)	\$ -	\$ (213,587)	\$ (88,234)
Items not affecting cash:					
Amortization of capital assets	-	30,848	-	30,848	31,221
Amortization of intangible assets	-	19,085	-	19,085	19,085
Unrealized gain on foreign exchange	(86)	-	-	(86)	(548)
Changes in non-cash working capital (Note 8)	(163,740)	-	-	(163,740)	(38,476)
	108,903	-	-	108,903	67,625
Cash flow from (used by) operating activities	(54,837)	-	-	(54,837)	29,149
INVESTING ACTIVITIES					
Redemption (purchase) of investments	155,449	-	(99,321)	56,128	51,129
Purchase of capital assets	-	(7,028)	-	(7,028)	(16,849)
Purchase of intangible assets	-	(22,337)	-	(22,337)	-
Cash flow from (used by) investing activities	155,449	(29,365)	(99,321)	26,763	34,280
OTHER CASH FLOW ITEMS					
Interfund transfers (Note 7)	(67,089)	29,365	37,724	-	-
Foreign exchange rate changes on cash	(80)	-	-	(80)	1,644
Cash flow from (used by) other cash flow items	(67,169)	29,365	37,724	(80)	1,644
INCREASE (DECREASE) IN CASH FLOW	33,443	-	(61,597)	(28,154)	65,073
Cash and cash equivalents - beginning of year	211,329	-	98,009	309,338	244,265
CASH AND CASH EQUIVALENTS - END OF YEAR (Note 9)	\$ 244,772	\$ -	\$ 36,412	\$ 281,184	\$ 309,338

See notes to financial statements

INSIGHT FOR LIVING MINISTRIES CANADA

Notes to Financial Statements

Year Ended June 30, 2025

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 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 capital and intangible 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.

Interest income on term deposits is recognized over the term of the investments.

Cloud computing arrangements

The Society applies the simplification approach to its cloud computing arrangements whereby all costs are expensed in the year in which the supply of services is provided. During the year \$37,041 (2024 - \$33,480) of these services were expensed and are included in professional fees, office and marketing expenses on the Statement of Operations.

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INSIGHT FOR LIVING MINISTRIES CANADA

Notes to Financial Statements

Year Ended June 30, 2025

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 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.

Other than any publicly traded portion of cash equivalents (*Note 9*) measured at fair value, all other financial assets and financial liabilities are measured at amortized cost, including:

Financial assets

- cash
- restricted cash
- accrued interest receivable
- investments (term deposits)
- restricted investments (term deposits)

Financial liabilities

- accounts payable and accrued liabilities
- accounts payable - Insight for Living Ministries (U.S.)

Cash and cash equivalents

High interest savings mutual funds (*Note 9*) and 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 or non-redeemable but have a maturity term of more than three months. These investments are classified as current assets when they are able of prompt liquidation or mature within the next fiscal year. Any term deposits that do not mature within the next fiscal year are classified as long term assets.

The term deposits have interest rates from 3.15% to 5.99% per annum (2024 - 3.35% to 5.99%) and varying maturity dates up to March 4, 2027.

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 recognized at the lower of cost and replacement cost.

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INSIGHT FOR LIVING MINISTRIES CANADA

Notes to Financial Statements

Year Ended June 30, 2025

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Intangible assets

Intangible assets 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 is amortized on a straight-line basis over its estimated useful life of ten years. The website will be amortized on a straight-line basis over its estimated useful life of five years when it is available for use. Fully amortized intangible assets are written off.

Capital assets

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

Fully amortized capital assets are written off.

Contributed services and materials

Volunteers assist the Society in carrying out its ministry. Due to 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 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 \$6,388 of publicly traded shares (2024 - \$8,568 of publicly traded shares).

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.

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.

INSIGHT FOR LIVING MINISTRIES CANADA**Notes to Financial Statements****Year Ended June 30, 2025****3. INVENTORY**

The balance of inventory is the expected net saleable amount and has been reduced for obsolete items as follows:

	<u>2025</u>	<u>2024</u>
Actual amount of inventory	\$ 73,392	\$ 62,820
Allowance for obsolete items	(6,781)	-
	<u>\$ 66,611</u>	<u>\$ 62,820</u>

The allowance for obsolete items has been recorded in the cost of merchandise sold on the Statement of Operations.

4. INTANGIBLE ASSETS

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Software	\$ 190,850	\$ 108,148	\$ 82,702	\$ 101,787
Website	22,337	-	22,337	-
	<u>\$ 213,187</u>	<u>\$ 108,148</u>	<u>\$ 105,039</u>	<u>\$ 101,787</u>

In the prior year, the retainer paid for the website update was presented as prepaid deposits on the Statement of Financial Position. During the year, work on the website commenced and as such, this deposit has been presented with intangible assets on the Statement of Financial Position. No cost has been amortized as the website updates are still in progress and therefore is not in use.

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Land	\$ 235,638	\$ -	\$ 235,638	\$ 235,638
Buildings	409,558	300,622	108,936	121,305
Computer equipment	51,210	27,478	23,732	26,497
Living Bridge Media equipment	7,547	3,266	4,281	5,036
Furniture and equipment	40,451	40,333	118	7,575
Vehicle	9,500	9,500	-	475
	<u>\$ 753,904</u>	<u>\$ 381,199</u>	<u>\$ 372,705</u>	<u>\$ 396,526</u>

INSIGHT FOR LIVING MINISTRIES CANADA**Notes to Financial Statements****Year Ended June 30, 2025****6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2025	2024
Accounts payable and accrued liabilities	\$ 149,197	\$ 99,476
Accrued payroll	21,327	23,573
Government remittances payable - source deductions	4,335	4,220
PST Payable	174	313
	\$ 175,033	\$ 127,582

7. INTERFUND TRANSFERS

During the year, the following interfund transfers occurred:

\$37,724 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 and term deposits.

\$29,365, was transferred from the Operating Fund to the Internally Restricted Capital Assets Fund to fund capital and intangible asset additions.

8. CHANGES IN NON-CASH WORKING CAPITAL

	2025	2024
Accrued interest receivable	\$ (5,294)	\$ 1,504
Recoverable from government authorities - GST	(383)	21,055
Inventory	(3,791)	3,278
Prepaid expenses	51,719	(42,690)
Prepaid deposit	22,337	(22,337)
Accounts payable and accrued liabilities	47,460	86,229
Accounts payable - Insight for Living (U.S.)	(3,145)	20,586
	\$ 108,903	\$ 67,625

9. CASH AND CASH EQUIVALENTS

	Operating Fund	Restricted Funds	2025	2024
Unrestricted cash - amortized cost	\$ 101,177	\$ -	\$ 101,177	\$ 133,556
Unrestricted cash equivalents - high interest savings mutual funds - fair market value	143,595	-	143,595	77,773
Externally restricted cash - amortized cost	-	19,244	19,244	19,244
Internally restricted cash equivalents - high interest savings mutual fund - fair market value	-	17,168	17,168	78,765
	\$ 244,772	\$ 36,412	\$ 281,184	\$ 309,338

INSIGHT FOR LIVING MINISTRIES CANADA

Notes to Financial Statements

Year Ended June 30, 2025

10. RELATED PARTY TRANSACTIONS / DUE TO RELATED PARTY

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

	<u>2025</u>	<u>2024</u>
Insight for Living Ministries (U.S.) <i>(US non-profit organization with significant influence over the Society)</i>		
Media - U.S. border stations	\$ 205,263	\$ 189,290
Inventory purchases	14,274	20,728
Office	13,222	13,320
Administration	-	3,649
Travel and auto	-	74
Contributions	-	(822)
	<u>\$ 232,759</u>	<u>\$ 226,239</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 \$34,164 (2024 - \$37,467) are due according to normal trade payable terms.

11. COMMITMENT

In the prior year, the Society had entered into a contract totaling US \$32,500 to update their website's content management system. At the end of June 30, 2025, CAN \$22,337 was paid by the for work done.

12. CREDIT FACILITIES

The Society has a credit facility available of up to \$10,000 with Beem Credit Union. It is in the form of an operating loan line of credit, which bears interest at the Beem 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 \$344,574. The amount used of the credit facility as at June 30, 2025 was \$NIL (2024 - \$NIL).

The Society has an unsecured credit card facility with Beem Credit Union, available for up to \$46,000 and bears interest at 20.99% per annum on overdue balances.

13. REMUNERATION DISCLOSURE

In accordance with the Societies Act of British Columbia, the Society is required to disclose that there were two individuals under a contract for services that each exceeded \$75,000 of annual remuneration who were paid a total sum of \$206,410.

INSIGHT FOR LIVING MINISTRIES CANADA

Notes to Financial Statements

Year Ended June 30, 2025

14. 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% (2024 - 11%) of its total expenses.

15. 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 equivalents and investments. Exposures to credit risk and significant changes to the risk exposure from the prior year are as follows:

- Cash equivalents and investments consist of high interest savings mutual funds and fixed income securities issued by large corporations and financial institutions. The cash equivalents and investments are guaranteed by the investee and to a limited degree by government insurance provisions that cover deposits.

Concentrations of credit risk include:

- Cash equivalents and the majority of investments are held and managed by one investment broker and the total amount held in cash equivalents and broker in-house investments exceeds the Canadian Investor Protection Fund's threshold of up to \$1,000,000. Therefore, any financial difficulties encountered by those financial institutions or unfavourable investment decisions could adversely affect the collectability and valuation of the deposits.

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.

Receivables and payables are not held for any extended time, minimal amounts are held in U.S. dollar bank accounts and the Society deals infrequently in U.S. currency. Foreign currency forward contracts are not used to manage exposure to currency risk. The majority of the investments are concentrated in Canadian equity and fixed income securities rather than foreign securities, minimizing exposure to foreign currency fluctuations.

INSIGHT FOR LIVING MINISTRIES CANADA

Notes to Financial Statements

Year Ended June 30, 2025

16. RESTRICTED FUNDS

	Opening balance	Revenue	Expenses	Interfund transfers	Ending balance
Externally Restricted					
French	\$ 7,544	\$ -	\$ -	-	7,544
Russian	4,054	-	-	-	4,054
Mandarin	2,235	-	-	-	2,235
India	2,056	-	-	-	2,056
Vietnamese	1,699	-	-	-	1,699
Hindi	640	-	-	-	640
Spanish	547	-	-	-	547
Philippines	419	-	-	-	419
International	50	-	-	-	50
Total Externally Restricted	19,244	-	-	-	19,244
Internally Restricted					
Legacy Fund	565,656	-	-	37,724	603,380
Total Restricted Funds	\$ 584,900	\$ -	\$ -	\$ 37,724	\$ 622,624

October 7, 2025

AUDIT LETTER - Part I

Insight for Living Ministries Canada
AUDIT OVERVIEW AND INDEPENDENCE
Year Ending June 30, 2025

OBJECTIVE, SCOPE AND LIMITATION OF EXAMINATION

The objective of an audit of financial statements is to form an opinion as to whether the financial statements present fairly, in all material respects, the financial position of Insight for Living Ministries Canada as at June 30, 2025 and the results of its activities and its cash flows for the year then ended, in accordance with Canadian Auditing Standards (CAS). More complete details of the objective, scope and limitation of our examination, as well as the accounting framework used, are outlined in the engagement letter sent to management at the commencement of this engagement. We advise that you consult the engagement letter in this matter.

AUDIT APPROACH

Financial statements are management's representations of the financial position, results of operations and cash flows of the Society and accordingly reflect the specific treatment and recording of the underlying assets, liabilities, transactions and events. The attainment of our audit objectives is achieved by obtaining sufficient appropriate audit evidence supporting the appropriateness of the accounting treatment selected and the accuracy of the recording of transactions. Our primary concern is not with individual transactions and balances but with the formation of an opinion on the fairness of the presentation of the financial statements as a whole. The examination is planned and performed to obtain reasonable, but not absolute assurance, that the financial statements are free from material misstatements.

Our audit strategy requires us to assess a number of areas, including various risk factors, the control environment, the level of testing that we will perform and materiality. Materiality is the term used to describe the significance of financial statement information to the decision makers. An item of information, or an aggregate of items, is material if it is probable that its omission or misstatement would influence or change a decision. Materiality is a matter of professional judgment in the particular circumstances. This materiality level assists us in determining the nature and extent of our testing. We estimated materiality at \$40,000 for the Society.

SIGNIFICANT RISKS

Significant risks are those that require special audit consideration due to their high probability of or susceptibility to material misstatement.

For the current year, we have identified the following significant risks:

REVENUE RECOGNITION

A significant inherent risk relating to the recognition of Insight for Living Ministries Canada's revenue arises from the possible overstatement or understatement of externally restricted contributions that require deferral as no related restricted fund may exist. To address this risk, our audit procedures included identifying individual donations or grouped contributions that may be externally restricted by donors, inquiring with management for further details, and reviewing source documentation to confirm the existence of donor restrictions. We also assessed whether performance conditions have been met prior to revenue recognition and ensured that

contributions with unmet conditions are properly deferred.

MANAGEMENT OVERRIDE OF CONTROLS

A significant inherent risk relating to the override of controls arises from management's ability to modify accounting records and circumvent control procedures due to their role within the control systems. Certain areas of override risk exist that encompass balances and transactions streams which are more susceptible to override and achieve a management bias by their misstatement. To address this risk, our audit procedures included identifying these areas of override risk, scanning the related general ledger section to select a sample of journal entries that appear significant or unusual, examining the form and content of those entries, questioning management and other staff as to their nature and purpose, and obtaining documentation and other support as needed.

CONDUCT OF THE AUDIT

Our audit of Insight for Living Ministries Canada can be summarized in two parts:

- (A) **Preliminary** - Audit procedures that are directed towards obtaining an understanding of current operations and reviewing key controls in effect. This phase of the audit includes:
 - (i) Identification of internal control and accounting strengths and deficiencies in key aspects of the Society's information, accounting and control systems, including computerized controls.
 - (ii) Evaluation of internal controls that are in place.
 - (iii) Testing of the identified key controls through observation of control procedures (such as two signers on all cheques) and inspection and review of selected documents.
- (B) **Year End** - This phase of the audit includes:
 - (i) Tests of the validity of information concerning significant transactions and balances.
 - (ii) Analytical reviews, confirmation of selected balances and other forms of verification.
 - (iii) Review and testing of the annual financial statements and drafting of entity financial statements.

In addition to our statutory obligations and responsibilities under CAS, we are required to report to management and the board of directors any significant internal control and accounting deficiencies which have come to our attention.

KEY AUDIT MATTERS

Key audit matters are those that, in our professional judgment, are of most significance in the audit of the financial statements of the current year. They can include:

- (i) Areas of very high risk of misstatement.
- (ii) Significant risks that require special consideration.
- (iii) Areas of considerable judgment and uncertainty.
- (iv) Events or transactions that have a substantial effect on the audit.

For the current year, we did not identify any key audit matters.

This communication, which arises as a consequence of the completion of our audit of the financial statements of Insight for Living Ministries Canada is prepared solely for the information of management and the Board of Directors, and is not intended for any other distribution. We do not accept responsibility to any third party who uses this information.

October 7, 2025

AUDIT LETTER - Part II

Insight for Living Ministries Canada
RECENT DEVELOPMENTS AND ACCOUNTING MATTERS
Year Ending June 30, 2025

Canadian Auditing Standards require that we communicate to you significant findings from the audit. These include:

- significant accounting issues relating to the accounting practices of the Society, including accounting policies, estimates and financial statement disclosures;
- circumstances that affect the form and content of the auditor's report;
- significant matters arising during the audit that were discussed with management
- significant difficulties encountered during the audit; and,
- other matters that are significant to the oversight of the financial reporting process.

We are pleased to report that no significant accounting issues, audit difficulties or other matters arose during the course of the audit.

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October 7, 2025

AUDIT LETTER - Part III

Insight for Living Ministries Canada
MEMORANDUM AND RECOMMENDATIONS
Accounting and control issues
Year Ended June 30, 2025

Internal controls include the policies adopted by the Board of Directors and the procedures implemented by the Society's management in order to provide for the orderly and efficient conduct of the Society's operations. The objectives of these policies and procedures are to provide reasonable, but not absolute, assurance as to the:

- safeguarding of assets of the Society;
- accurate and complete collecting, recording and processing of data;
- reporting the resulting information in an accurate and timely manner; and
- procedures intended to prevent and / or detect the possibility of fraud and errors in the data reported.

It should be noted that the responsibility for internal control belongs to management, and that the effectiveness of these controls can be compromised by frequent turnover of employees, misunderstanding of instructions, mistakes in judgment, employee carelessness, fraud or collusion. Consequently, our examination would not necessarily disclose all internal control and accounting deficiencies.

Our examination was conducted primarily to enable us to express an opinion on the financial statements, it is not designed and cannot necessarily be expected to disclose defalcations and other irregularities. Nevertheless, their discovery might well result from our examination.

In the course of conducting our audit, we may identify certain items for comment and observe procedures which could be changed or modified in order to strengthen your system of internal controls. Any comments which follow are directed towards improving the system of internal controls and are not intended to reflect upon the honesty or integrity of the Society's employees.

Prior year

We are pleased to note that all items noted in the prior year have been either agreed to or actioned in some way.

Current year

We draw your attention to the following issues that have arisen as a result of our current year audit:

- GST Reconciliation

During our review of the GST controls and transactions, we noted that no regular reconciliation is performed over the individual GST account balances to identify potential misstatements. Such a process would identify errors such as the unaccrued self-assessment of GST on US airtime and any unclaimed GST PSB rebate amounts. We recommend that management address this issue by performing quarterly GST account reconciliations before the returns are filed.

We would again like to thank management for their assistance and help in this year's audit process. It

continues to be a pleasure working together with them in ensuring the process is executed in a timely and professional manner.

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Yours truly,

LOEWEN KRUSE

A handwritten signature in black ink, appearing to read 'C. Braun', with a stylized flourish extending to the right.

Curtis Braun, CPA