



Financial Statements

Life Outreach International

December 31, 2022

(expressed in Canadian dollars)

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Independent Auditor's Report

To the Members of
Life Outreach International

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Life Outreach International (the "Society"), which comprise the statement of financial position as at December 31, 2022, and the statements of operations and changes in net assets 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 its results of operations and its 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 the 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

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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:

- 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, report that, in our opinion, these accounting principles have been applied on a basis consistent with that of the preceding year.

Grant Thornton LLP

Chartered Professional Accountants

Vancouver, Canada
June 9, 2023

Life Outreach International

Statement of Operations and Changes in Net Assets

(Expressed in Canadian Dollars)

Year ended December 31

2022

2021

Revenues		
Donations	\$ 8,207,815	\$ 10,274,979
Product sales	334,499	282,583
Interest income	90,464	14,011
	<u>8,632,778</u>	<u>10,571,573</u>
Expenses		
Ministry programs	4,737,930	4,644,732
Gifts and donations	1,302,380	1,345,800
Direct mail costs (Note 4)	874,204	841,341
Postage and shipping (Note 4)	347,992	318,486
Salaries and benefits	296,359	293,226
Product costs (Note 4)	290,800	219,900
Bank charges	88,283	116,418
Building expense	87,214	89,230
Operational overhead	74,047	67,449
Consulting fees (Note 4)	61,500	61,500
Professional fees	48,334	32,842
Amortization	32,137	31,794
Special events	10,574	1,737
	<u>8,251,754</u>	<u>8,064,455</u>
Excess of revenues over expenses	\$ 381,024	\$ 2,507,118
Fund balances, beginning of year		
	\$ 5,133,531	\$ 2,626,413
Excess of revenues over expenses	<u>381,024</u>	<u>2,507,118</u>
Fund balances, end of year	\$ 5,514,555	\$ 5,133,531

See accompanying notes to the financial statements.

Life Outreach International

Statement of Financial Position

(Expressed in Canadian Dollars)

December 31

2022

2021

Assets

Current

Cash and cash equivalents	\$ 5,352,553	\$ 4,936,043
Inventory	58,491	58,911
Taxes receivable	118,763	114,364
Prepaid expenses	26,570	33,344

5,556,377 5,142,662

Capital assets (Note 3)

466,141 482,016

\$ 6,022,518 **\$ 5,624,678**

Liabilities

Current

Accounts payable and accrued liabilities (Note 4)	\$ 503,612	\$ 437,921
Deferred revenue	4,351	53,226

507,963 491,147

Net assets

5,514,555 5,133,531

\$ 6,022,518 **\$ 5,624,678**

Commitments (Note 6)

On behalf of the Board of Directors

 Director  Director

Life Outreach International

Statement of Cash Flows

(expressed in Canadian Dollars)

Year ended December 31

2022

2021

Increase in cash and cash equivalents

Operating

Excess of revenues over expenses	\$	381,024	\$	2,507,118
Item not involving cash				
Amortization		<u>32,137</u>		<u>31,794</u>

		413,161		2,538,912
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Change in non-cash operating working capital items

Inventory		420		(14,198)
Taxes receivable		(4,399)		(5,334)
Prepaid expenses		6,774		15,694
Accounts payable and accrued liabilities		65,691		(52,291)
Deferred revenue		<u>(48,875)</u>		<u>38,557</u>

		432,772		2,521,340
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Financing

Purchase of capital assets		<u>(16,262)</u>		<u>-</u>
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Increase in cash and cash equivalents

		416,510		2,521,340
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Cash and cash equivalents

Beginning of year		<u>4,936,043</u>		<u>2,414,703</u>
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End of year	\$	<u>5,352,553</u>	\$	<u>4,936,043</u>
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