

FINANCIAL STATEMENTS OF

MERCY MULTIPLIED CANADA SOCIETY

December 31, 2023

INDEPENDENT AUDITOR'S REPORT

To the directors of
Mercy Multiplied Canada Society

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Mercy Multiplied Canada Society, which comprise the statement of financial position as at December 31, 2023, and the statements of operations, 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards applicable to not-for-profit organizations ("ASNPO").

Basis for Qualified Opinion

In common with charitable organizations, Mercy Multiplied Canada Society derives a significant portion of revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our audit for donations and fundraising revenue was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenue over expenditures and net assets.

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 qualified 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.

INDEPENDENT AUDITOR'S REPORT, continued

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:

- ♦ 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.

INDEPENDENT AUDITOR'S REPORT, continued

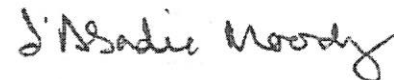
- ♦ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 principles have been applied on a basis consistent with that of the preceding year.

Langley, British Columbia
April 26, 2024



Chartered Professional Accountants

MERCY MULTIPLIED CANADA SOCIETY
STATEMENT OF FINANCIAL POSITION
As at December 31, 2023

	2023	2022
ASSETS		
Current		
Cash and cash equivalents	\$ 248,098	\$ 331,838
Marketable securities (Note 3)	2,721,053	2,492,876
GST rebate	1,585	1,497
Inventory	2,850	3,169
Prepaid expenses	1,155	1,140
	<u>2,974,741</u>	<u>2,830,520</u>
Capital assets (Note 4)	<u>26,907</u>	<u>33,537</u>
	<u>\$ 3,001,648</u>	<u>\$ 2,864,057</u>
LIABILITIES		
Current		
Accounts payable and accrued expenses	\$ 40,762	\$ 60,700
Deferred designated donations (Note 5)	<u>24,584</u>	<u>24,751</u>
	65,346	85,451
NET ASSETS		
NET ASSETS	<u>2,936,302</u>	<u>2,778,606</u>
	<u>\$ 3,001,648</u>	<u>\$ 2,864,057</u>

Approved by the board


James Baird (Apr 26, 2024 10:06 MDT) Member


Yvonne Hogenes (Apr 26, 2024 10:32 PDT) Member

See accompanying notes to the financial statements

MERCY MULTIPLIED CANADA SOCIETY
STATEMENT OF OPERATIONS
Year ended December 31, 2023

	<u>2023</u>	<u>2022</u>
REVENUES		
Donations	\$ 617,563	\$ 648,380
Store sales	4,450	3,740
Interest and investment income	<u>128,356</u>	<u>37,278</u>
	<u>750,369</u>	<u>689,398</u>
EXPENDITURES		
Advertising and promotion	26,425	10,886
Amortization	8,222	9,918
Automotive	2,322	1,912
Computer expense	14,295	19,669
Consulting fees	28,886	30,845
Designated donations	57,705	68,066
Fundraising	25,891	26,722
Insurance	3,547	3,332
Interest, bank and credit card charges	12,532	12,537
Office and general	7,914	14,313
Professional	21,239	24,110
Program expenditures	148,119	105,656
Rent and occupancy costs	33,768	37,085
Resource items	1,451	1,657
Telephone	6,973	8,166
Travel	5,584	4,436
Wages and benefits	<u>187,800</u>	<u>208,973</u>
	<u>592,673</u>	<u>588,283</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 157,696</u>	<u>\$ 101,115</u>

See accompanying notes to the financial statements

MERCY MULTIPLIED CANADA SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
Year ended December 31, 2023

	BALANCE, beginning of year	Excess of revenues over expenditures	2023 BALANCE, end of year
Unrestricted	\$ 728,606	\$ 157,696	\$ 886,302
Internally restricted	2,050,000	-	2,050,000
	\$ 2,778,606	\$ 157,696	\$ 2,936,302
	BALANCE, beginning of year	Excess of revenues over expenditures	2022 BALANCE, end of year
Unrestricted	\$ 627,491	\$ 101,115	\$ 728,606
Internally restricted	2,050,000	-	2,050,000
	\$ 2,677,491	\$ 101,115	\$ 2,778,606

See accompanying notes to the financial statements

MERCY MULTIPLIED CANADA SOCIETY
STATEMENT OF CASH FLOWS
Year ended December 31, 2023

	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 157,696	\$ 101,115
Item not affecting cash		
Amortization	<u>8,222</u>	<u>9,918</u>
	165,918	111,033
Change in non-cash working capital items		
Marketable securities	(228,177)	(137,133)
GST rebate	(88)	(127)
Inventory	319	1,008
Prepaid expenses	(15)	1,522
Accounts payable and accrued expenses	<u>(19,937)</u>	<u>5,209</u>
	(81,980)	(18,488)
FINANCING ACTIVITY		
Deferred designated donations	(167)	9,751
INVESTING ACTIVITY		
Purchase of capital assets	<u>(1,593)</u>	<u>(3,543)</u>
DECREASE IN CASH	(83,740)	(12,280)
CASH, beginning of year	<u>331,838</u>	<u>344,118</u>
CASH, end of year	<u>\$ 248,098</u>	<u>\$ 331,838</u>

See accompanying notes to the financial statements

MERCY MULTIPLIED CANADA SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

1. Nature of operations

Mercy Multiplied Canada Society (the "Society") is registered under the Societies Act of British Columbia and its main objective is to operate Christ-Centered programming, for vulnerable women 13 +, both to prevent and address life-controlling issues, including eating disorders, self-harm, abuse, addictions, anxiety, depression and suicidality. All programs are holistic, addressing the body, soul, and spirit and are tailored to the individuals goals and needs. Biblically based counselling and discipleship is offered along with training in life-skills, nutrition, fitness and career exploration. Support care services are offered to program participants for one-year post-program completion to support their success and to offer additional accountability.

All service delivery is currently offered through our Wellness Center outpatient program or, if needed, residential care services through one of our affiliate homes completely free of charge. In addition, we offer outreach services to churches, individuals, and community programs to educate, empower, and equip them to effectively support those struggling with behavioral mental health challenges.

The Society is a registered charity under the Income Tax Act and accordingly, is exempt from income taxes and entitled to issue charitable donation receipts.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

(a) Cash equivalents

Cash equivalents consist principally of highly liquid interest-bearing instruments.

(b) Investments

Investments are recorded at fair value. Unrealized gains and losses as a result of fair value adjustments at year end are included in investment income for the year.

MERCY MULTIPLIED CANADA SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

2. Significant accounting policies, continued

(c) Revenue recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Externally restricted contributions for the purchase of capital assets that will be amortized are recorded as deferred capital contributions and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets. Externally restricted contributions for the purchase of capital assets that will not be amortized are recognized as direct increases in net assets to the Investment in Capital Assets balance.

(d) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the weighted average method.

(e) Capital assets

Capital assets are recorded at cost. The Society provides for amortization using the following methods at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates and methods are as follows:

Vehicles	30% Declining balance
Furniture and fixtures	20% Declining balance
Computer equipment	30% Declining balance

(f) Financial instrument classification

Financial instruments	Classification	Subsequent measurement
Cash and cash equivalent	Held for trading	Fair value
Temporary investments	Held for trading	Fair value
Accounts payable and accrued liabilities	Other liabilities	Amortized cost using the effective interest method

MERCY MULTIPLIED CANADA SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

2. Significant accounting policies, continued

(g) Impairment of long-lived assets

The Society tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

(h) Use of estimates

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 and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Items requiring the use of significant estimates include useful lives of capital assets for amortization. Actual results could differ from those estimates.

(i) Non-cash transactions

Goods and services received in trade or at no cost to the Society are recorded in the financial statements when the fair market value of these goods and services can be reasonably determined.

3. Marketable securities

	<u>2023</u>	<u>2022</u>
GIC investments	\$ 209,874	\$ 2,238,232
Savings account	<u>2,511,179</u>	<u>254,644</u>
	<u>\$ 2,721,053</u>	<u>\$ 2,492,876</u>

MERCY MULTIPLIED CANADA SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

4. Capital assets

			2023			2022
	Cost	Accumulated amortization	Net Book Value			Net Book Value
Vehicles	\$ 11,376	\$ 9,156	\$ 2,220	\$		3,172
Furniture and fixtures	34,086	17,377	16,709			20,698
Computer equipment	27,373	19,395	7,978			9,667
	\$ 72,835	\$ 45,928	\$ 26,907	\$		33,537

5. Deferred designated donations

			2023			2022
Building			\$ 10,000	\$		10,000
Technology grant			14,584			14,751
			\$ 24,584	\$		24,751

Deferred designated donations relate to donations received which were designated (by donors) for the purchase and renovation of the building or other capital assets or for specific expenditures.

At December 31, 2023, total amount of cash restricted from general use is \$24,584 (2022 - \$24,751).

6. Commitments

As at December 31, 2023, the Society's premise lease is on a month to month basis.

7. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

MERCY MULTIPLIED CANADA SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

7. Financial instruments, continued

(a) Fair value

The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short-term maturity dates. The fair value of long-term financial liabilities approximates their carrying value based on the presumption that the Society is a going concern and thus expects to fully repay the outstanding amounts.

(b) Liquidity risk

The Society does have a liquidity risk in the accounts payable and accrued expenses of \$40,762 (2021 - \$60,700). Liquidity risk is the risk that the Society cannot repay its obligations when they become due to its creditors. The Society reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due. In the opinion of management the liquidity risk exposure to the Society is low and is not significant.

8. Disclosure of Remuneration as required under the British Columbia Societies Act

During the year the Society did not pay any directors fees.

During the year the Society had 1 employee who received remuneration in excess of \$75,000.