

YOUTH FOR CHRIST/CANADA

Financial Statements

December 31, 2014

YOUTH FOR CHRIST/CANADA

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Year Ended December 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the members of Youth for Christ/Canada

Report on the Financial Statements

We have audited the accompanying financial statements of Youth for Christ/Canada, which comprise the statement of financial position as at December 31, 2014, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

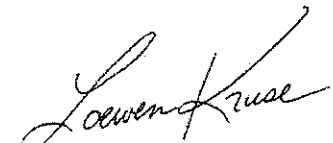
Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Youth for Christ/Canada as at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by the Canada Not for Profit Corporations Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Burnaby, British Columbia
May 4, 2015


Chartered Accountants

YOUTH FOR CHRIST/CANADA

Statement of Financial Position

December 31, 2014


	2014	2013
ASSETS		
CURRENT		
Cash	\$ 239,926	\$ 166,895
Restricted cash	158,587	-
Accounts receivable	11,338	10,235
Recoverable from government authorities – GST/HST	27,409	25,954
Prepaid expenses	10,908	7,127
	<u>448,168</u>	<u>210,211</u>
INVESTMENTS (Note 3)	-	45,988
RESTRICTED INVESTMENTS (Note 3)	244,272	324,516
CAPITAL ASSETS (Note 4)	10,457	13,943
	<u>\$ 702,897</u>	<u>\$ 594,658</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 116,496	\$ 141,099
Payable to government authorities – payroll source deductions	8,374	9,901
Amounts due to related parties (Note 6)	6,782	1,059
Deferred contributions (Note 7)	268,245	194,797
	<u>399,897</u>	<u>346,856</u>
NET ASSETS - page 5		
Unrestricted	168,386	118,083
Internally restricted	134,614	129,719
	<u>303,000</u>	<u>247,802</u>
	<u>\$ 702,897</u>	<u>\$ 594,658</u>

TRUST ASSETS AND LIABILITIES (Note 5)

ON BEHALF OF THE BOARD:



Director



Director

See notes to financial statements

YOUTH FOR CHRIST/CANADA

Statement of Operations

Year Ended December 31, 2014

	2014	2013
REVENUE		
Contributions	\$ 2,018,467	\$ 1,878,681
Registrations, administration fees and other	209,271	205,272
Association dues	128,865	121,705
	<u>2,356,603</u>	<u>2,205,658</u>
EXPENSES		
Ministries training and development	921,642	902,804
International	844,181	813,890
National operations	525,483	383,440
Amortization of capital assets	10,099	15,673
	<u>2,301,405</u>	<u>2,115,807</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR - page 5	<u>\$ 55,198</u>	<u>\$ 89,851</u>

YOUTH FOR CHRIST/CANADA
Statement of Changes in Net Assets
Year Ended December 31, 2014

	Unrestricted	Internally Restricted <i>(Note 8)</i>	2014	2013
BALANCE - Beginning of year	\$ 118,083	\$ 129,719	\$ 247,802	\$ 157,951
Excess of revenue over expenses for the year - page 4	55,198	-	55,198	89,851
Internal restrictions <i>(Note 8)</i>	(4,895)	4,895	-	-
BALANCE - End of year - page 3	\$ 168,386	\$ 134,614	\$ 303,000	\$ 247,802

YOUTH FOR CHRIST/CANADA

Statement of Cash Flows

Year Ended December 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year - page 4	\$ 55,198	\$ 89,851
Item not affecting cash:		
Amortization of capital assets	10,099	15,673
Loss on disposal of investments	1,237	-
	<u>66,534</u>	<u>105,524</u>
Changes in non-cash working capital:		
Accounts receivable	(1,103)	(1,983)
Recoverable from government authorities – GST/HST	(1,455)	(3,858)
Prepaid expenses	(3,781)	(756)
Accounts payable and accrued liabilities	(24,602)	(3,888)
Payable to government authorities - source deductions	(1,527)	2,265
Amounts due to related parties	5,723	1,059
Deferred contributions	73,448	38,164
	<u>46,703</u>	<u>31,003</u>
Cash flow from operating activities	<u>113,237</u>	<u>136,527</u>
INVESTING ACTIVITIES		
Sale (purchase) of investments	126,232	(79,514)
Purchase of capital assets	(7,851)	(7,188)
Cash flow from (used by) investing activities	<u>118,381</u>	<u>(86,702)</u>
NET INCREASE IN CASH FLOW	231,618	49,825
CASH - Beginning of year	<u>166,895</u>	<u>117,070</u>
CASH - End of year	\$ 398,513	\$ 166,895
CASH CONSISTS OF:		
Cash	\$ 239,926	\$ 166,895
Restricted cash	<u>158,587</u>	<u>-</u>
	\$ 398,513	\$ 166,895

YOUTH FOR CHRIST/CANADA

Notes to Financial Statements

Year Ended December 31, 2014

1. DESCRIPTION OF OPERATIONS

Youth for Christ/Canada (the "Organization") is a national organization whose primary purpose is to reach young people in Canada, working together with the local church and other like-minded partners to raise up lifelong followers of Jesus who lead by their godliness in lifestyle, devotion to the Word of God and prayer, passion for sharing the love of Christ and commitment to social involvement.

This is accomplished by the Organization's development of materials and resources, and the provision of training for staff of the various Youth for Christ Chapters across Canada enabling them to more effectively care for young people's physical, emotional and relational needs while communicating the life-changing message of Jesus Christ, always seeking to improve existing methods and to develop new ministry models. Human resource, information technology and general management consulting are also provided to the Chapters in Canada to assist in fulfilling this mission.

The Organization is incorporated under the Canada Corporations Act as a not-for-profit organization and is a registered charity under the *Income Tax Act*, and as such is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements have been prepared by management in accordance with Canadian accounting standards for non-profit organizations.

Revenue Recognition

The Organization 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 (and other income such as association dues, registrations, administration fees and other) are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investments

Investments consist of fixed income bonds, exchange-traded funds, money market investments and mutual funds as described in Note 3. The bonds either do not mature within the next fiscal year, or are intended to be held to maturity and reinvested. The cash and mutual funds are intended to be held long term. These investments have therefore been classified as long term assets.

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YOUTH FOR CHRIST/CANADA

Notes to Financial Statements

Year Ended December 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Capital Assets and Amortization

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. Amortization is provided for on a straight-line basis over the estimated useful life of the asset as follows:

Computer equipment	3 years
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Contributed Goods and Services

Volunteers contribute their time throughout the year to assist the Organization in carrying out its organizational activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

During the year the Organization received non-cash gifts of \$107,642 (publicly traded shares and supplies) (2013 - \$177,782). These gifts were valued at the fair market value of the gift on the dates of the exchange.

Defined Contributions Plan

The Organization participates in a defined contributions RRSP plan through Standard Life and is only responsible for matching contributions to a maximum of 3% of earnings. During the year, the Organization paid \$16,340 (2013 - \$11,895) related to matching employee contributions.

3. INVESTMENTS

	2014	2013
	Net book	Net book
	value	value
Exchange-traded funds	\$ 114,804	\$ 114,250
Mutual funds	86,648	5,179
Fixed income bonds	42,380	220,985
Cash	440	-
Money market investments	-	30,090
	<u>\$ 244,272</u>	<u>\$ 370,504</u>

The fixed income bonds have interest rates from 2.00% to 3.15% (2013 - 2.00% to 3.00%) and varying maturity dates from February 2014 to November 2016. The mutual funds and exchange-traded funds have no stated interest rates or maturity values and are invested in fixed income bonds.

YOUTH FOR CHRIST/CANADA

Notes to Financial Statements

Year Ended December 31, 2014

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Computer equipment	\$ 36,243	\$ 25,786	\$ 10,457	\$ 13,943

5. TRUST ASSETS AND LIABILITIES

Trust assets and trust liabilities relate to the employee health care plan funds which represent cash contributed to the health care spending account by the employees of the national office and chapter offices to fund their medical expense reimbursement claims. The Organization collects and holds these funds from the employees and remits them to the health care provider as invoiced.

	2014	2013
Health care spending account	\$ 72,600	\$ 87,564
Cash held in trust	\$ 8,226	\$ 87,564
Investments held in trust	64,374	-
	<u>\$ 72,600</u>	<u>\$ 87,564</u>

6. RELATED PARTY TRANSACTIONS

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

	2014	2013
Dabre Inc (<i>Corporation owned by an officer of the organization</i>)		
Rent expense	\$ 24,600	\$ 8,250
YFC Foundation (<i>Controlled by the organization</i>)		
Donation expenses	\$ 4,000	\$ -
Donation revenue	(1,150)	-
	<u>\$ 27,450</u>	<u>\$ 8,250</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.

As at December 31, 2014 the amounts owing to related parties are \$6,782 (2013 - \$1,059) and are due according to normal trade payable terms.

YOUTH FOR CHRIST/CANADA

Notes to Financial Statements

Year Ended December 31, 2014

7. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent externally designated contributions for various ministries and programs.

	National Ministry Initiatives	International Ministries	2014	2013
BALANCE - Beginning of year	\$ 50,716	\$ 144,081	\$ 194,797	\$ 156,633
Contributions received in year	265,724	489,550	755,274	752,409
Internal transfers to fund programs and deficits	125,240	27,471	152,711	179,957
Recognized as revenue	(386,524)	(448,013)	(834,537)	(894,202)
BALANCE - End of year	\$ 55,156	\$ 213,089	\$ 268,245	\$ 194,797

The internal transfers are used to fund deficits in the various restricted funds during the year and also to fund program costs. Any internal transfers used to fund program cost are spent first with the externally restricted contributions spent second. Any unspent internal transfers at year-end are transferred back to unrestricted net assets. As a result, the balance in deferred contributions at year-end consists only of externally restricted amounts.

8. TRANSFERS AND INTERNAL RESTRICTIONS

During the year the board of directors internally restricted \$4,895 (2013 - \$82,014) of the excess of revenue over expenses to the internally restricted staff funds.

Internally restricted funds are amounts that have been internally restricted for individual staff member salaries and wages with any remaining unapplied balances transferred to the General Fund when a staff member leaves the organization.

9. COMPARITIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation. Specifically, the restricted portion of cash and investments are separately presented on the statement of financial position.

YOUTH FOR CHRIST/CANADA

Notes to Financial Statements

Year Ended December 31, 2014

10. FINANCIAL INSTRUMENTS

All financial instruments are initially recorded at their fair market value. Publicly traded equity 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.

Credit Risk

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

- Investments consist of publically traded fixed interest debt securities issued by large corporations and financial institutions and mutual funds and are held through multiple investment brokers. The diversity of the Organization's portfolio has increased from the prior year, resulting in a decrease in credit risk exposure.

Concentrations of credit risk include:

- The majority of the investments are held and managed by one investment broker and are insured by the the Canadian Investor Protection Fund up to a maximum of \$1,000,000. As the total investments do not exceed the limit, the Organization is exposed to low risk should any financial difficulties be encountered by the broker.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Organization is exposed to interest rate risk for its investments. Exposures to interest rate risk and significant changes to the risk exposure from the prior year are as follows:

- Investments consist of publically traded fixed interest debt securities, mutual funds and exchange traded funds issued by large corporations and financial fund companies. The majority are of the investments are tied to interest rates that can vary depending on the composition of the funds, which could affect future interest revenue.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

- The Organization is exposed to market risk for its investments as the fair value can be significantly affected by price and valuation changes in the open market. The majority of investments are actively managed by a professional broker and concentrated in low risk equity securities and fixed interest debt mutual and exchange-traded funds, which serves to decrease overall market risk although increases to market interest rates could devalue debt-related investments.
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