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**UNIONVILLE ALLIANCE CHURCH**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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## INDEPENDENT AUDITOR'S REPORT

To the Members of  
Unionville Alliance Church  
UNIONVILLE  
Ontario

### *Qualified Opinion*

We have audited the accompanying financial statements of Unionville Alliance Church which comprise the statement of financial position as at June 30, 2022 and the statement of operations and changes in fund balances and statement of 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 effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the entity as at June 30, 2022 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, Unionville Alliance Church derives part of its revenues in the form of contributions the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the entity. Therefore, we were not able to determine whether any adjustments might be necessary to contributions revenue, excess of revenues over expenses, and cash flows from operations for the years ended June 30, 2022 and 2021, current assets as at June 30, 2022 and 2021, and fund balances as at July 1 and June 30 for both the 2022 and 2021 years.

Our audit opinion on the financial statements for the year ended June 30, 2021 was modified accordingly because of the possible effects of this limitation in scope.

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 entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other 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 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.

In preparing the financial statements, management is responsible for assessing the entity'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 entity or to cease operations, or has no realistic alternative but to do so.

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Those charged with governance are responsible for overseeing the entity'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 entity'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 entity'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 entity 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.

*Norton McMullen LLP*

NORTON McMULLEN LLP

Chartered Professional Accountants, Licensed Public Accountants

MARKHAM, Canada

September 8, 2022

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# UNIONVILLE ALLIANCE CHURCH

## STATEMENT OF FINANCIAL POSITION

As at June 30,

2022

2021

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### ASSETS

#### Current

Cash	\$ 170,176	\$ 203,221
Investments - unrestricted (Note 2)	361,783	364,613
Investments - restricted (Note 2)	242,062	237,329
HST recoverable	19,591	6,987
Prepaid expenses	64,966	22,668
	<u>\$ 858,578</u>	<u>\$ 834,818</u>

#### Capital Assets (Note 3)

	<u>1,529,532</u>	<u>1,504,898</u>
	<u>\$ 2,388,110</u>	<u>\$ 2,339,716</u>

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### LIABILITIES

#### Current

Accounts payable and accrued liabilities	\$ 17,948	\$ 26,846
Government remittances payable	7,657	9,360
Deferred contributions (Note 4)	18,895	15,440
Deferred revenue	19,708	3,301
	<u>\$ 64,208</u>	<u>\$ 54,947</u>

### FUND BALANCES

Unrestricted	\$ 2,081,840	\$ 2,047,440
Restricted	242,062	237,329
	<u>\$ 2,323,902</u>	<u>\$ 2,284,769</u>
	<u>\$ 2,388,110</u>	<u>\$ 2,339,716</u>

#### Commitment (Note 6)

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Approved by the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

See accompanying notes

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# UNIONVILLE ALLIANCE CHURCH

## STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

For the year ended June 30,

2022

2021

	Unrestricted			Restricted			Total	Total
	Operating Fund	Property Fund	Property Improvement Fund	Community Care Fund	Mission Fund	Memorial Fund		
<b>REVENUES</b>								
Contributions	\$ 771,092	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 771,092	\$ 699,446
Designated contributions	-	-	2,597	60,311	92,316	300	155,524	144,863
Programming	29,086	-	-	-	-	-	29,086	24,065
Other	3,325	-	-	-	-	-	3,325	7,700
Interest	1,939	-	-	-	-	-	1,939	2,921
	<u>\$ 805,442</u>	<u>\$ -</u>	<u>\$ 2,597</u>	<u>\$ 60,311</u>	<u>\$ 92,316</u>	<u>\$ 300</u>	<u>\$ 960,966</u>	<u>\$ 878,995</u>
<b>EXPENSES</b>								
Salaries	\$ 392,367	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 392,367	\$ 399,328
Facilities	111,091	-	1,590	-	-	-	112,681	93,025
Programming	91,777	-	-	-	-	-	91,777	79,674
Mission	-	-	-	-	91,263	-	91,263	78,563
Amortization	-	90,266	-	-	-	-	90,266	91,317
Office and administration	74,548	-	-	-	-	-	74,548	56,340
Community care	-	-	-	56,931	-	-	56,931	36,140
Levy	12,000	-	-	-	-	-	12,000	12,000
	<u>\$ 681,783</u>	<u>\$ 90,266</u>	<u>\$ 1,590</u>	<u>\$ 56,931</u>	<u>\$ 91,263</u>	<u>\$ -</u>	<u>\$ 921,833</u>	<u>\$ 846,387</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	\$ 123,659	\$ (90,266)	\$ 1,007	\$ 3,380	\$ 1,053	\$ 300	\$ 39,133	\$ 32,608
<b>FUND BALANCES - Beginning</b>	542,542	1,504,898	-	120,127	102,764	14,438	2,284,769	2,252,161
Inter-fund transfers (Note 5)	<u>(113,893)</u>	<u>114,900</u>	<u>(1,007)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES - Ending</b>	<u>\$ 552,308</u>	<u>\$ 1,529,532</u>	<u>\$ -</u>	<u>\$ 123,507</u>	<u>\$ 103,817</u>	<u>\$ 14,738</u>	<u>\$ 2,323,902</u>	<u>\$ 2,284,769</u>

See accompanying notes

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# UNIONVILLE ALLIANCE CHURCH

## STATEMENT OF CASH FLOWS

For the year ended June 30,

2022

2021

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### CASH AND CASH EQUIVALENTS WERE PROVIDED BY (USED IN):

#### OPERATING ACTIVITIES

Excess of revenues over expenses	\$ 39,133	\$ 32,608
Items not affecting cash:		
Amortization	<u>90,266</u>	<u>91,317</u>
	\$ 129,399	\$ 123,925
Net change in non-cash working capital balances:		
HST recoverable	(12,604)	2,586
Prepaid expenses	(42,298)	(3,638)
Accounts payable and accrued liabilities	(8,898)	7,280
Government remittances payable	(1,703)	72
Deferred contributions	3,455	2,838
Deferred revenue	<u>16,407</u>	<u>245</u>
	\$ 83,758	\$ 133,308

#### INVESTING ACTIVITIES

Purchase of capital assets	\$ (114,900)	\$ (14,097)
Redemption of investments	<u>(1,903)</u>	<u>(2,922)</u>
	\$ (116,803)	\$ (17,019)

#### INCREASE (DECREASE) IN CASH

\$ (33,045) \$ 116,289

CASH - Beginning

203,221 86,932

CASH - Ending

\$ 170,176 \$ 203,221

See accompanying notes

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# UNIONVILLE ALLIANCE CHURCH

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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### NATURE OF OPERATIONS

Unionville Alliance Church (the "Church") is a member of the Christian and Missionary Alliance Church in Canada. The mission of the Church is to reach people in our world with the good news of Jesus Christ and nurture each one to become a fully devoted follower of Him. The Church is an unincorporated not-for-profit organization. The Church is a registered charity under the Income Tax Act (Canada) and, as such, is exempt from income taxes.

### 1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

#### a) Fund Accounting

Resources are classified into funds according to the activities or objectives specified as follows:

The **Operating Fund** consists of contributions, other revenues, and related expenses pertaining to the operations and ministry of the Church.

The **Property Fund** reflects assets, liabilities, revenues and expenses related to the Church's land and buildings and other long-term assets. Revenues of this fund reflect contributions designated for capital acquisitions.

The **Property Improvement Fund** consists of contributions and related expenses pertaining to major capital upgrades on the property.

The **Community Care Fund** was established by the Board of Elders and consists of restricted contributions to provide support to members of the community worldwide who are in need of assistance.

The **Mission Fund** receives contributions restricted by the donor in support of missions projects established by the Church Board.

The **Memorial Fund** was established by the Board of Elders for the Marjorie Sproxton Memorial Scholarship and consists of restricted contributions to be used as on-going investments in the training of missionaries.

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# UNIONVILLE ALLIANCE CHURCH

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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### 1. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### b) Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions based on currently available information. Such estimates and assumptions affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from the estimates used. Significant estimates include the estimated useful life of capital assets.

#### c) Cash and Cash Equivalents

Cash and cash equivalents consist of bank balances only.

#### d) Investments

Investments consist of guaranteed investment certificates and are recorded at cost.

#### e) Capital Assets

Capital assets are recorded at cost. Amortization is being provided over the estimated useful life of the assets on a declining basis using the following annual rates:

	<u>Rate</u>
Building	2.5%
Furniture and equipment	20%
Parking lot	10%
Armoury	5%
Computer equipment	33.3%

When a tangible capital asset no longer contributes to an organization's ability to provide goods and services, or the value of future economic benefits or service potential associated with the tangible capital asset is less than its carrying amount, the net carrying amount of the tangible capital asset is written down to the asset's fair value or replacement cost.

#### f) Revenue Recognition

The Church follows the restricted fund method of accounting for contributions and programming revenues. Externally restricted contributions are recognized as revenue in the fund corresponding to the purpose for which they were contributed. Unrestricted contributions are recognized as revenue in the Operating Fund. Restricted contributions for which there is no fund are accounted for using the deferral method.



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# UNIONVILLE ALLIANCE CHURCH

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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### 1. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### g) Financial Instruments

##### Measurement of Financial Instruments

The Church initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. The Church subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets subsequently measured at amortized cost include cash and investments. Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities.

##### Impairment

Financial assets measured at amortized cost are tested for impairment when events or circumstances indicate possible impairment. Write-downs, if any, are recognized in the excess of revenues over expenses and may be subsequently reversed to the extent that the net effect after the reversal is the same as if there had been no write-down. There are no impairment indicators in the current year.

### 2. INVESTMENTS

Investments consist of short-term guaranteed investment certificates bearing interest ranging from 0.45% to 2% per annum maturing July 2022 through October 2022.

### 3. CAPITAL ASSETS

Capital assets consist of the following:

	2022			2021
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 379,119	\$ -	\$ 379,119	\$ 379,119
Building	1,754,764	1,002,613	752,151	771,437
Furniture and equipment	940,847	645,838	295,009	258,628
Parking lot	298,505	234,725	63,780	59,895
Armoury	118,927	85,115	33,812	35,592
Computer and quipment	122,693	117,032	5,661	227
	<u>\$ 3,614,855</u>	<u>\$ 2,085,323</u>	<u>\$ 1,529,532</u>	<u>\$ 1,504,898</u>

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# UNIONVILLE ALLIANCE CHURCH

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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### 3. CAPITAL ASSETS - Continued

The Church does not have title to the Church buildings and land on which it is situated since they were purchased on their behalf by The Eastern and Central Canadian District of the Christian and Missionary Alliance. On August 1, 1995 when the two districts separated, it was decided that the Church properties located in the geographical areas of The Eastern Canadian District as at this date would continue to be held by the Central District. The Church buildings and land are reflected on these financial statements as they are an integral part of the Church's operations. The Church buildings and land are not reflected on the financial statements of the Eastern Canadian District.

### 4. DEFERRED CONTRIBUTIONS

The change in deferred contributions consists of the following:

	2022	2021
Balance - Beginning	\$ 15,440	\$ 12,602
Add: Contributions designated for Scholarship Kid's Kapers	690	2,838
Contributions designated for Kid's Kapers camp general donations	2,765	-
Less: Revenue recognized during the year for Scholarship Kid's Kapers	-	-
Balance - Ending	<u>\$ 18,895</u>	<u>\$ 15,440</u>

### 5. INTERFUND TRANSFERS

During the year, the board approved transfers totaling \$113,893 (2021 - \$51,456) from the operating fund to the property fund and property improvement fund to cover the net of capital asset purchases and property improvement less property fund offerings.

### 6. FINANCIAL INSTRUMENTS

#### Risks and Concentrations

The Church is exposed to various risks through its financial instruments. The following analysis provides a summary of the Church's exposure to and concentrations of risk at June 30, 2022:

#### a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. The Church is not exposed to significant credit risk.

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# UNIONVILLE ALLIANCE CHURCH

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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### 6. FINANCIAL INSTRUMENTS - Continued

#### b) Liquidity Risk

Liquidity risk is the risk that the Church will encounter difficulty in meeting obligations associated with financial liabilities. The Church is exposed to this risk mainly with respect to its accounts payable and accrued liabilities. The Church manages this risk by managing its working capital and by generating sufficient cash flow from operations. There has been no change in the assessment of liquidity risk from the prior year.

#### c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and price risk. The Church is not exposed to significant market risk.

### 7. COMMITMENTS

The Church has entered into commitments under operating leases for printer and postage equipment. The leases expire in March 2024 and February 2027 respectively. Future annual payments under the leases for the next five years are as follows:

2023	\$	7,083
2024		4,701
2025		296
2026		296
2027		49
		<hr/>
	\$	12,425

### 8. COMPARATIVE FIGURES

Certain of the comparative figures have been restated in order to conform with the presentation adopted in the current year.