
UNIONVILLE ALLIANCE CHURCH
FINANCIAL STATEMENTS
JUNE 30, 2023

INDEX

Page	1-2.	Independent Auditor's Report
	3.	Statement of Financial Position
	4.	Statement of Operations and Changes in Fund Balances
	5.	Statement of Cash Flows
	6-10.	Notes to Financial Statements

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, 2023 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, 2023 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, 2023 and 2022, current assets as at June 30, 2023 and 2022, and fund balances as at July 1 and June 30 for both the 2023 and 2022 years.

Our audit opinion on the financial statements for the year ended June 30, 2022 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.

- 1 -

JOHN C. KARRAM, CPA
PAUL A. SIMPSON, CPA
PAUL W. McMULLEN, CPA

MARK D. POTTER, CPA
MICHAEL J. McNEILL, CPA
PETER A. SIMPSON, CPA

MARC F. CERNELE, CPA
ANTHONY G. DILIBERTO, CPA
JENNIFER A. STALEY, CPA

NORTON McMULLEN LLP

ONE VALLEYWOOD DRIVE SUITE 200 MARKHAM ONTARIO L3R 5L9 T 905-479-7001 F 905-479-0045

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 1, 2023

UNIONVILLE ALLIANCE CHURCH

STATEMENT OF FINANCIAL POSITION

As at June 30,	2023	2022
ASSETS		
Current		
Cash	\$ 240,669	\$ 170,176
Investments - unrestricted (Note 2)	378,210	366,516
Investments - restricted (Note 2)	243,700	237,329
HST recoverable	24,577	19,591
Prepaid expenses	31,713	64,966
	<u>\$ 918,869</u>	<u>\$ 858,578</u>
Capital Assets (Note 3)	<u>1,658,813</u>	<u>1,529,532</u>
	<u>\$ 2,577,682</u>	<u>\$ 2,388,110</u>

LIABILITIES

Current		
Accounts payable and accrued liabilities	\$ 55,271	\$ 17,948
Government remittances payable	7,748	7,657
Deferred contributions (Note 4)	17,960	18,895
Deferred revenue	52,467	19,708
	<u>\$ 133,446</u>	<u>\$ 64,208</u>

FUND BALANCES

Unrestricted	\$ 2,218,496	\$ 2,081,840
Restricted	225,740	242,062
	<u>\$ 2,444,236</u>	<u>\$ 2,323,902</u>
	<u>\$ 2,577,682</u>	<u>\$ 2,388,110</u>

Commitment (Note 7)

Approved by the Board:

_____ Director _____ Director

See accompanying notes

- 3 -

UNIONVILLE ALLIANCE CHURCH

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

For the year ended June 30,

2023

2022

	Unrestricted		Restricted					
	Operating Fund	Property Fund	Property Improvement Fund	Community Care Fund	Mission Fund	Memorial Fund	Total	Total
REVENUES								
Contributions	\$ 878,145	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 878,145	\$ 771,092
Designated contributions	-	-	17,523	66,660	88,163	100	172,446	155,524
Programming	65,728	-	-	-	-	-	65,728	29,086
Rental income	33,655	-	-	-	-	-	33,655	3,325
Interest	18,086	-	-	-	-	-	18,086	1,939
Government grant	-	-	10,000	-	-	-	10,000	-
	<u>\$ 995,614</u>	<u>\$ -</u>	<u>\$ 27,523</u>	<u>\$ 66,660</u>	<u>\$ 88,163</u>	<u>\$ 100</u>	<u>\$ 1,178,060</u>	<u>\$ 960,966</u>
EXPENSES								
Salaries	\$ 417,111	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 417,111	\$ 392,367
Programming	137,894	-	-	-	-	-	137,894	91,777
Facilities	131,274	-	-	-	-	-	131,274	112,681
Mission	-	-	-	-	110,593	-	110,593	91,263
Amortization	-	112,711	-	-	-	-	112,711	90,266
Office and administration	75,491	-	-	-	-	-	75,491	74,548
Community care	-	-	-	60,652	-	-	60,652	56,931
Levy	12,000	-	-	-	-	-	12,000	12,000
	<u>\$ 773,770</u>	<u>\$ 112,711</u>	<u>\$ -</u>	<u>\$ 60,652</u>	<u>\$ 110,593</u>	<u>\$ -</u>	<u>\$ 1,057,726</u>	<u>\$ 921,833</u>
EXCESS (DEFICIENCY) OF								
REVENUES OVER EXPENSES	\$ 221,844	\$ (112,711)	\$ 27,523	\$ 6,008	\$ (22,430)	\$ 100	\$ 120,334	\$ 39,133
FUND BALANCES - Beginning	552,308	1,529,532	-	123,507	103,817	14,738	2,323,902	2,284,769
Inter-fund transfers (Note 5)	(214,469)	241,992	(27,523)	-	-	-	-	-
FUND BALANCES - Ending	<u>\$ 559,683</u>	<u>\$ 1,658,813</u>	<u>\$ -</u>	<u>\$ 129,515</u>	<u>\$ 81,387</u>	<u>\$ 14,838</u>	<u>\$ 2,444,236</u>	<u>\$ 2,323,902</u>

See accompanying notes

- 4 -

UNIONVILLE ALLIANCE CHURCH

STATEMENT OF CASH FLOWS

For the year ended June 30,

2023

2022

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

OPERATING ACTIVITIES

Excess of revenues over expenses	\$ 120,334	\$ 39,133
Items not affecting cash:		
Amortization	<u>112,711</u>	<u>90,266</u>
	\$ 233,045	\$ 129,399
Net change in non-cash working capital balances:		
HST recoverable	(4,986)	(12,604)
Prepaid expenses	33,253	(42,298)
Accounts payable and accrued liabilities	37,323	(8,898)
Government remittances payable	91	(1,703)
Deferred contributions	(935)	3,455
Deferred revenue	<u>32,759</u>	<u>16,407</u>
	\$ 330,550	\$ 83,758

INVESTING ACTIVITIES

Purchase of capital assets	\$ (241,992)	\$ (114,900)
Redemption of investments	<u>(18,065)</u>	<u>(1,903)</u>
	\$ (260,057)	\$ (116,803)

INCREASE (DECREASE) IN CASH

\$ 70,493	\$ (33,045)
-----------	-------------

CASH - Beginning

<u>170,176</u>	<u>203,221</u>
----------------	----------------

CASH - Ending

<u>\$ 240,669</u>	<u>\$ 170,176</u>
-------------------	-------------------

See accompanying notes

- 5 -

UNIONVILLE ALLIANCE CHURCH

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NATURE OF OPERATIONS

Unionville Alliance Church (the "Church") is a member of the Christian and Missionary Alliance Church in Canada. Unionville Alliance Church exists to lead people to know Jesus Christ and to follow Him passionately. 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.

UNIONVILLE ALLIANCE CHURCH

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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 balance basis using the following annual rates:

	<u>Rate</u>
Building	2.5%
Furniture and equipment	20%
Parking lot	10%
Youth building	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.

UNIONVILLE ALLIANCE CHURCH

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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 4% per annum maturing July 2023 through October 2023.

3. CAPITAL ASSETS

Capital assets consist of the following:

	2023			2022
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 379,119	\$ -	\$ 379,119	\$ 379,119
Building	1,754,764	1,021,417	733,347	752,151
Furniture and equipment	1,171,527	727,908	443,619	295,009
Parking lot	298,505	241,103	57,402	63,780
Youth Building	118,927	86,805	32,122	33,812
Computer equipment	134,005	120,801	13,204	5,661
	<u>\$ 3,856,847</u>	<u>\$ 2,198,034</u>	<u>\$ 1,658,813</u>	<u>\$ 1,529,532</u>

UNIONVILLE ALLIANCE CHURCH

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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. On September 9, 2022, the title to the Church properties was transferred from the Central District to the Eastern Canadian 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:

	2023	2022
Camp Scholarship		
Balance - Beginning	\$ 16,130	\$ 15,440
Add: Contributions	-	690
Less: Revenue recognized during the year	420	-
	<u>\$ 15,710</u>	<u>\$ 16,130</u>
Camp General		
Balance - Beginning	\$ 2,765	\$ -
Add: Contributions	2,250	2,765
Less: Revenue recognized during the year	2,765	-
Balance - Ending	<u>\$ 2,250</u>	<u>\$ 2,765</u>
TOTAL DEFERRED CONTRIBUTIONS	<u>\$ 17,960</u>	<u>\$ 18,895</u>

5. INTERFUND TRANSFERS

During the year, the board approved transfers totaling \$214,469 (2022 - \$113,893) from the operating and property improvement funds to the property fund to cover capital asset purchases.

UNIONVILLE ALLIANCE CHURCH

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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, 2023:

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.

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 four years are as follows:

2024	\$	4,701
2025		296
2026		296
2027		49
	\$	<u>5,342</u>