

# **Commons Church**

**Financial Statements  
December 31, 2020**



## **Independent Auditors' Report**

To: The Board Members of **Commons Church**

### Qualified Opinion

We have audited the financial statements of Commons Church (the "Church"), which comprise the statement of financial position as at December 31, 2020 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 Church as at December 31, 2020, 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.

### Basis for Qualified Opinion

In common with many not-for-profit organizations, the Church derives revenue from donations 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 Church. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2020 and 2019, current assets as at December 31, 2020 and 2019, and net assets as at January 1 and December 31, for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended December 31, 2020 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Church 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.

### Other Matter

The financial statements of the Church for the year ended December 31, 2019 are unaudited.

### 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 Church'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 Church or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Church's financial reporting process.

### Auditors' 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 auditors' 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

## Independent Auditors' Report (continued)

statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 Church'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 Church's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Church 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.



February 15, 2021  
Calgary, Alberta

Chartered Professional Accountants

**Commons Church**  
Statement of Financial Position

As at December 31,

**2020** **2019**

(unaudited)

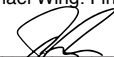
	General Fund	Local and Global Development Fund	Refugee Resettlement Fund	Capital Fund	Total	Total
<b>Assets</b>						
<b>Current assets</b>						
Cash	\$ 370,094	\$ 7,761	\$ 16,872	\$ 712,925	\$ 1,107,652	\$ 831,362
GST receivable	6,055	-	-	-	6,055	7,979
Prepaid expenses	4,324	-	-	-	4,324	3,458
GIC investments (note 6)	-	-	-	22,419	22,419	-
	380,473	7,761	16,872	735,344	1,140,450	842,799
<b>GIC investments (note 6)</b>	-	-	-	-	-	22,068
<b>Capital assets (note 7)</b>	-	-	-	388,184	388,184	344,313
	\$ 380,473	\$ 7,761	\$ 16,872	\$ 1,123,528	\$ 1,528,634	\$ 1,209,180
<b>Liabilities and Net Assets</b>						
<b>Current liabilities</b>						
Accounts payable and accrued liabilities	\$ 16,440	\$ -	\$ -	\$ -	\$ 16,440	\$ 10,116
<b>Net assets</b>						
Unrestricted	364,033	-	-	-	364,033	438,130
Invested in capital assets	-	-	-	388,184	388,184	344,313
Internally restricted	-	7,761	-	735,344	743,105	399,749
Externally restricted	-	-	16,872	-	16,872	16,872
	364,033	7,761	16,872	1,123,528	1,512,194	1,199,064
	\$ 380,473	\$ 7,761	\$ 16,872	\$ 1,123,528	\$ 1,528,634	\$ 1,209,180

Approved on behalf of the Board:



Director

Michael Wing: Financial Officer



Director

Jeremy Duncan: Lead Pastor

# Commons Church

## Statement of Operations

Year ended December 31,

**2020**

**2019**

						(unaudited)	
	General Fund	Local and Global Development Fund	Refugee Resettlement Fund	Capital Fund	Total	Total	
<b>Revenues</b>							
Contributions	\$ 1,140,834	\$ 157,766	\$ -	\$ -	\$ 1,298,600	\$	1,237,825
Rental	10,575	-	-	-	10,575		21,441
Interest income	3,070	-	-	353	3,423		2,237
Grants	-	-	-	-	-		39,198
Programs	-	-	-	-	-		1,000
	<u>\$ 1,154,479</u>	<u>\$ 157,766</u>	<u>\$ -</u>	<u>\$ 353</u>	<u>\$ 1,312,598</u>	<u>\$</u>	<u>1,301,701</u>
<b>Expenses</b>							
Salaries and wages	\$ 524,560	\$ -	\$ -	\$ -	\$ 524,560	\$	522,480
Local and global development costs	794	167,831	-	-	168,625		148,278
Supplies	124,456	-	-	-	124,456		129,080
Amortization	-	-	-	40,583	40,583		32,416
Professional fees and licenses	37,475	-	-	-	37,475		22,331
Banking and finance charges	25,359	-	-	-	25,359		22,963
Repairs and maintenance	19,698	-	-	-	19,698		63,584
Social event, volunteer and rentals	17,225	-	-	-	17,225		69,636
Utilities	12,421	-	-	-	12,421		15,165
Insurance	8,918	-	-	-	8,918		9,123
Advertising, promotion and honorariums	4,720	-	-	-	4,720		4,273
Staffing costs and expenses	3,969	-	-	-	3,969		21,967
Operating lease	1,626	-	-	-	1,626		1,258
Refugee resettlement costs	-	-	-	-	-		39,836
	<u>\$ 781,221</u>	<u>\$ 167,831</u>	<u>\$ -</u>	<u>\$ 40,583</u>	<u>\$ 989,635</u>	<u>\$</u>	<u>1,102,390</u>
<b>Other</b>							
(Loss) gain on disposal of assets	-	-	-	(9,833)	(9,833)		483
<b>Excess (deficiency) of revenues over expenses</b>	<u>\$ 373,258</u>	<u>\$ (10,065)</u>	<u>\$ -</u>	<u>\$ (50,063)</u>	<u>\$ 313,130</u>	<u>\$</u>	<u>199,794</u>

See accompanying notes to the financial statements

## Commons Church

### Statement of Changes in Net Assets

Year ended December 31,

**2020**

	General Fund	Local and Global Development Fund	Refugee Resettlement Fund	Capital Fund	Total
<b>Balance, beginning of year</b>	\$ 438,130	\$ 17,826	\$ 16,872	\$ 726,236	\$ 1,199,064
Excess (deficiency) of revenues over expenses	373,258	(10,065)	-	(50,063)	313,130
Board approved interfund transfers	(447,355)	-	-	447,355	-
<b>Balance, end of year</b>	<b>\$ 364,033</b>	<b>7,761</b>	<b>\$ 16,872</b>	<b>\$ 1,123,528</b>	<b>\$ 1,512,194</b>

**2019**

	General Fund	Local and Global Development Fund	Refugee Resettlement Fund	Capital Fund	Total
<b>Balance, beginning of year</b>	\$ 428,171	\$ 22,469	\$ 19,246	\$ 529,384	\$ 999,270
Excess (deficiency) of revenues over expenses	238,511	(4,643)	(2,374)	(31,700)	199,794
Board approved interfund transfers	(228,552)	-	-	228,552	-
<b>Balance, end of year</b>	<b>\$ 438,130</b>	<b>\$ 17,826</b>	<b>\$ 16,872</b>	<b>\$ 726,236</b>	<b>\$ 1,199,064</b>

**(unaudited)**

*See accompanying notes to the financial statements*

## Commons Church

### Statement of Cash Flows

Year ended December 31,	2020	2019
		(unaudited)
<b>Operating activities</b>		
Excess of revenues over expenses	\$ 313,130	\$ 199,794
Items not affecting cash		
Amortization	40,583	32,416
Loss (gain) on sale of assets	9,833	(483)
	<u>363,546</u>	<u>231,727</u>
 Changes in non-cash working capital items		
GST receivable	1,924	(1,457)
Prepays	(866)	(777)
Accounts payable and accrued liabilities	6,324	(287)
	<u>370,928</u>	<u>229,206</u>
 <b>Investing activities</b>		
Purchase of capital assets	(96,133)	(93,893)
Proceeds of disposition	1,848	601
Reinvestment of interest income	(353)	(233)
	<u>(94,638)</u>	<u>(93,525)</u>
 <b>Increase in cash</b>	<b>276,290</b>	<b>135,681</b>
 <b>Cash, beginning of year</b>	<u>831,362</u>	<u>695,681</u>
 <b>Cash, end of year</b>	<u>\$ 1,107,652</u>	<u>\$ 831,362</u>

*See accompanying notes to the financial statements*

# Commons Church

## Notes to the Financial Statements

December 31, 2020

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### 1. Nature of operations

Commons Church (the “Church”) is an intellectually honest, spiritually passionate community that takes Jesus seriously. The ongoing operations of the Church are dependent on the continued donation support of its congregation. The Church is a registered charity within the meaning of the Income Tax Act (Canada) and is exempt from paying income taxes.

### 2. Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, specifically Canadian accounting standards for not-for-profit organizations (“ASNFPO”).

### 3. Novel coronavirus (“COVID-19”)

The outbreak of the novel strain of coronavirus, specifically identified as “COVID-19” was declared a global pandemic by the World Health Organization on March 11, 2020. Governments worldwide enacted emergency measures to combat the spread of the virus. These measures, which include public health measures requiring periodic closures of non-essential businesses, requesting the public to stay home as much as possible, the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

As a result of the pandemic and government measures, the Church has adopted health, safety and physical distancing protocols. The Church ceased all in person services and began administering them online.

The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments.

### 4. Change in accounting policy

Effective January 1, 2020 the Church adopted the CPA Canada Handbook Section 4433 Tangible Capital Assets Held by Not-for-Profit Organizations which replaces the previous guidance in Section 4431 concerning the recognition, measurement, presentation and disclosure of capital assets.

The new section was adopted on a prospective basis in accordance with the transitional provisions. There was no numeric impact to the Church’s financial statements arising from the adoptions of the accounting pronouncement.

### 5. Significant accounting policies

#### (a) Cash and cash equivalents

The Church considers all investments with maturities of three months or less at the date of acquisition to be cash equivalents.

#### (b) Fund accounting

The Church accounts for its activities using the following funds:

##### *General Fund*

The General Fund reports unrestricted revenues and reflects all ministry and administrative activities other than those of the Capital, Local and Global Development and Refugee Resettlement Funds.



# Commons Church

## Notes to the Financial Statements

December 31, 2020

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### **(b) Fund accounting (continued)**

#### ***Capital Fund***

The Capital Fund reflects the activities related to capital assets.

#### ***Local and Global Development Fund***

The Local and Global Development Fund reflects restricted resources that are to be used for benevolent, local, national and international mission purposes.

#### ***Refugee Resettlement Fund***

The Refugee Resettlement Fund reflects restricted resources that are to be used for the resettlement of government approved refugees.

### **(c) Measurement of financial instruments**

The Church initially measures its financial assets and financial liabilities at fair value and subsequently at amortized cost.

Financial assets measured at amortized cost include cash and GIC investments. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations for the applicable fund. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations for the applicable fund.

### **(d) Capital assets**

Capital assets are recorded at cost. The Church provides for amortization using the declining balance method at various rates designed to amortize the cost of the capital assets over their estimated lives. A half year's amortization is recorded in the year of acquisition other than computer software. No amortization is recorded in the year of disposal. The annual amortization rates are as follows:

Building	5%
Furniture and fixtures	20%
Vehicles	30%
Computers	55%

The Church records a write-down when capital assets no longer have any long-term service potential to the Church and their net carrying amount exceeds their residual value. The excess net carrying amount over residual value is recognized as an expense in the statement of operations. Previous write-downs are not reversed.

# Commons Church

## Notes to the Financial Statements

December 31, 2020

### (e) Revenue recognition

The Church follows the restricted fund method of accounting for contributions.

Restricted contributions are recognized as revenue of the appropriate restricted fund when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions related to general operations for which no restricted fund exists are recognized as revenue of the General Fund in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

### (f) Contributed materials and services

The Church records the value of contributed materials and services only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Church's operations and would otherwise have been purchased.

The Church is dependent on the services of many volunteers on an operational basis. Due to the difficulty of determining their fair value, volunteer services are not recognized in the financial statements.

## 5. Guaranteed Investment Certificates ("GICs")

During the year the Church held two (2019 – two) GICs with interest rates of 1.60% (2019 – 1.60%) maturing on February 27, 2021.

## 6. Capital assets

	<b>2020</b>		
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>
Land	\$ 2,000	\$ -	\$ 2,000
Building	481,137	213,345	267,792
Furniture and fixtures	261,800	156,520	105,280
Computer	33,761	22,200	11,561
Vehicles	3,725	2,174	1,551
	<b>\$ 782,423</b>	<b>\$ 394,239</b>	<b>\$ 388,184</b>
	<b>2019</b>		
	<b>(unaudited)</b>		
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>
Land	\$ 2,000	\$ -	\$ 2,000
Building	445,095	200,301	244,794
Furniture and fixtures	235,129	140,529	94,600
Computer	19,216	18,513	703
Vehicles	3,725	1,509	2,216
	<b>\$ 705,165</b>	<b>\$ 360,852</b>	<b>\$ 344,313</b>

# **Commons Church**

## Notes to the Financial Statements

December 31, 2020

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### **7. Commitment**

The Church has entered into an agreement where it has committed to pay \$47,600 in refugee resettlement costs over a 12 month period from the date of arrival in 2021.

### **8. Financial instruments**

The Church is not exposed to any significant credit, market or liquidity risk.