

Commons Church

**Financial Statements
December 31, 2021**

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, 2021 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, 2021, 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, 2021 and 2020, current assets as at December 31, 2021 and 2020, and net assets as at January 1 and December 31, for both the 2021 and 2020 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.

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.



Chartered Professional Accountants

February 16, 2022
Calgary, Alberta

Commons Church
Statement of Financial Position

As at December 31,


2021

2020

	General Fund	Local and Global Development Fund	Refugee Resettlement Fund	Capital Fund	Total	Total
Assets						
Current assets						
Cash	\$ 387,080	\$ 2,411	\$ 37,784	\$ 14,869	\$ 442,144	\$ 1,107,652
GST receivable	8,276	-	-	-	8,276	6,055
Prepaid expenses	5,282	-	-	-	5,282	4,324
GIC investments (note 5)	-	-	-	-	-	22,419
	400,638	2,411	37,784	14,869	455,702	1,140,450
GIC investments (note 5)	-	-	-	724,076	724,076	-
Capital assets (note 6)	-	-	-	467,355	467,355	388,184
	\$ 400,638	\$ 2,411	\$ 37,784	\$ 1,206,300	\$ 1,647,133	\$ 1,528,634
Liabilities and Net Assets						
Current liabilities						
Accounts payable and accrued liabilities	\$ 19,281	\$ -	\$ -	\$ -	\$ 19,281	\$ 16,440
Net assets						
Unrestricted	381,357	-	-	-	381,357	364,033
Invested in capital assets	-	-	-	467,355	467,355	388,184
Internally restricted	-	2,411	-	738,945	741,356	743,105
Externally restricted	-	-	37,784	-	37,784	16,872
	381,357	2,411	37,784	1,206,300	1,627,852	1,512,194
	\$ 400,638	\$ 2,411	\$ 37,784	\$ 1,206,300	\$ 1,647,133	\$ 1,528,634

Approved on behalf of the Board:

 Director

 Director

Commons Church

Statement of Operations

Year ended December 31,

2021

2020

	Local and Global					
	Development		Refugee		Total	Total
	General Fund	Fund	Resettlement Fund	Capital Fund		
Revenues						
Contributions	\$ 1,065,894	\$ 155,958	\$ -	\$ -	\$ 1,221,852	\$ 1,298,600
Rental	9,213	-	-	-	9,213	10,575
Interest income	3,599	-	-	-	3,599	3,423
	<u>\$ 1,078,706</u>	<u>\$ 155,958</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,234,664</u>	<u>\$ 1,312,598</u>
Expenses						
Salaries and wages	\$ 571,711	\$ -	\$ -	\$ -	\$ 571,711	\$ 524,560
Local and global development costs	-	173,308	-	-	173,308	168,625
Supplies	132,785	-	-	-	132,785	124,456
Repairs and maintenance	74,499	-	-	-	74,499	19,698
Amortization	-	-	-	50,031	50,031	40,583
Professional fees and licenses	35,745	-	-	-	35,745	37,475
Banking and finance charges	24,036	-	-	-	24,036	25,359
Refugee resettlement costs	-	-	13,588	-	13,588	-
Utilities	12,161	-	-	-	12,161	12,421
Insurance	11,085	-	-	-	11,085	8,918
Staffing costs and expenses	7,049	-	-	-	7,049	3,969
Social event, volunteer and rentals	6,076	-	-	-	6,076	17,225
Advertising, promotion and honorariums	1,958	-	-	-	1,958	4,720
Operating lease	944	-	-	-	944	1,626
	<u>\$ 878,049</u>	<u>\$ 173,308</u>	<u>\$ 13,588</u>	<u>\$ 50,031</u>	<u>\$ 1,114,976</u>	<u>\$ 989,635</u>
Other						
Loss on disposal of assets	-	-	-	(4,030)	(4,030)	(9,833)
Excess (deficiency) of revenues over expenses	<u>\$ 200,657</u>	<u>\$ (17,350)</u>	<u>\$ (13,588)</u>	<u>\$ (54,061)</u>	<u>\$ 115,658</u>	<u>\$ 313,130</u>

See accompanying notes to the financial statements

Commons Church

Statement of Changes in Net Assets

Year ended December 31,

2021

	General Fund	Local and Global Development Fund	Refugee Resettlement Fund	Capital Fund	Total
Balance, beginning of year	\$ 364,033	\$ 7,761	\$ 16,872	\$ 1,123,528	\$ 1,512,194
Excess (deficiency) of revenues over expenses	200,657	(17,350)	(13,588)	(54,061)	115,658
Board approved interfund transfers	(183,333)	12,000	34,500	136,833	-
Balance, end of year	\$ 381,357	\$ 2,411	\$ 37,784	\$ 1,206,300	\$ 1,627,852

2020

	General Fund	Local and Global Development Fund	Refugee Resettlement Fund	Capital Fund	Total
Balance, beginning of year	\$ 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	-
Balance, end of year	\$ 364,033	\$ 7,761	\$ 16,872	\$ 1,123,528	\$ 1,512,194

See accompanying notes to the financial statements

Commons Church

Statement of Cash Flows

Year ended December 31,	2021	2020
Operating activities		
Excess of revenues over expenses	\$ 115,658	\$ 313,130
Items not affecting cash		
Amortization	50,031	40,583
Loss on sale of assets	4,030	9,833
	<u>169,719</u>	<u>363,546</u>
 Changes in non-cash working capital items		
GST receivable	(2,221)	1,924
Prepaid expenses	(958)	(866)
Accounts payable and accrued liabilities	2,841	6,324
	<u>169,381</u>	<u>370,928</u>
 Investing activities		
Purchase of capital assets	(136,232)	(96,133)
Proceeds on disposition of capital assets	3,000	1,848
Net purchase of GICs	(700,000)	-
Reinvestment of interest income	(1,657)	(353)
	<u>(834,889)</u>	<u>(94,638)</u>
 (Decrease) increase in cash	 (665,508)	 276,290
 Cash, beginning of year	 <u>1,107,652</u>	 <u>831,362</u>
 Cash, end of year	 <u>\$ 442,144</u>	 <u>\$ 1,107,652</u>

See accompanying notes to the financial statements

Commons Church

Notes to the Financial Statements

December 31, 2021

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 resumed in-person services with limited capacity while continuing with online services.

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. 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.

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.

Commons Church

Notes to the Financial Statements

December 31, 2021

(b) Fund accounting (continued)

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 contribute to the Church's ability to provide a service or when the value of the future economic benefits or service potential associated with it is less than its net carrying amount. The excess of the asset's net carrying amount over its fair value or replacement cost is recognized as an expense in the statement of operations for the applicable fund. Previous write-downs are not reversed.

(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.

Commons Church

Notes to the Financial Statements

December 31, 2021

(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 eight (2020 – two) GICs with interest rates at 0.50% to 1.40% (2020 – 1.60%) with maturity dates between March 2023 and August 2026.

6. Capital assets

	2021		
	Cost	Accumulated Amortization	Net Book Value
Land	\$ 2,000	\$ -	\$ 2,000
Building	548,208	228,410	319,798
Furniture and fixtures	310,868	179,297	131,571
Computer	38,485	25,585	12,900
Vehicles	3,725	2,639	1,086
	\$ 903,286	\$ 435,931	\$ 467,355

	2020		
	Cost	Accumulated Amortization	Net Book Value
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
	\$ 782,423	\$ 394,239	\$ 388,184

7. Commitment

The Church has a commitment to pay \$37,467 in refugee resettlement costs during fiscal 2022.

8. Financial instruments

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