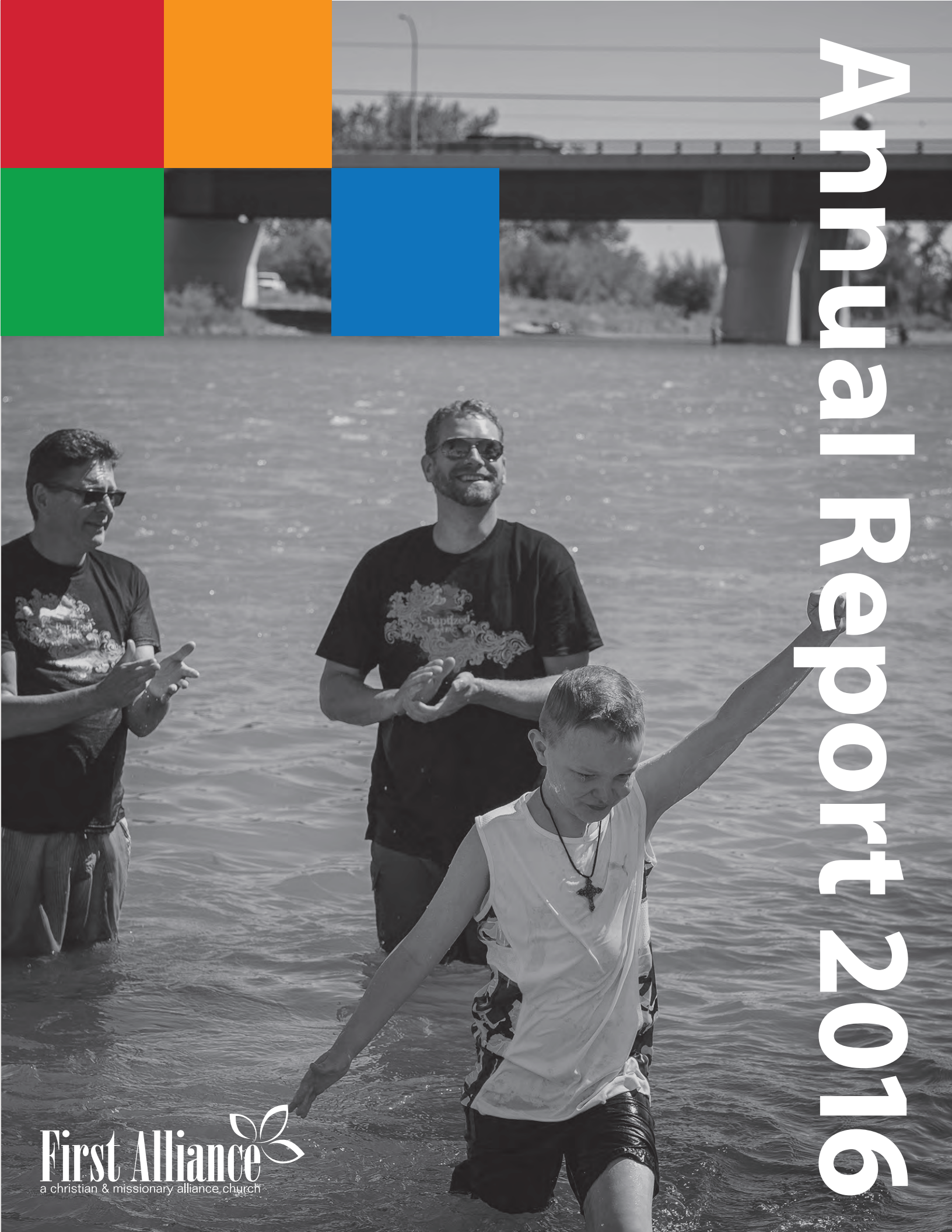


Annual Report 2016



"BUILDING LIVES THAT HONOUR GOD ...ALL FOR JESUS."

We do this through ...

CONNECTING

in smaller groups

GROWING

to become more like Jesus

SERVING

God by serving others

& SHARING

*Jesus and His love
wherever God places us.*

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First Alliance 
a christian & missionary alliance church

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AGENDA

Annual General Meeting of First Alliance Church Sunday, October 30, 2016

First Segment

1. Meeting Called to Order
2. Opening Prayer
3. Declaration of Quorum based on report from Registration Secretary
4. Minutes of the Annual General Meeting of Sunday, October 25, 2015
and Minutes of the Congregational Meeting of Sunday, June 5, 2016
5. Motion to Appoint tellers for the Annual General Meeting
6. Report of the Nominating Team for 2015/2016
7. Election of Elders
8. Election of the Nominating Team for 2016/2017
9. The Story of God's Provision
 - a. Report of the Treasurer
 - b. Question & Answer
 - c. Appointment of the Auditors for the fiscal period of July 1, 2016 – June 30, 2017

Second Segment

1. Report on Ministry
 - a. Ministry Stories of 2015/2016 – Ministry Departments
 - b. Glenmore Christian Academy Report
2. Questions & Answers
3. Prayer Time
4. Closing Comments and Closing Prayer
5. Invitation to Dessert Time

A NOTE FROM PASTOR JAMES



Recently I listened to a talk by Sam Chand on the value of incremental change. What struck me most was how little I value this, often preferring a big splash or a breakthrough moment. Yet a lightbulb went on in my head as I recognized the value of gradual change in this past year. My commitment in coming to FAC was to take a year to learn and grow into the role you called me to. My personal expectations were focused around these things and yet God has surprised me – maybe you too – by the ways He’s been at work. My “Yay, God!” list that I keep on my phone has reminded me of the amazing things God has been doing, even with incremental change. God is on the move. **Lives are being changed. Our church is growing. Our impact is extending. God is on the move!**

Who knew we’d expand our auditorium? Who knew we’d plant a church? Who knew we’d commission new international workers? Who knew we’d have so many Christmas hampers, or shoe boxes, or IJM freedom partners, or sponsor so many guys at Teen Challenge? Who knew so many would discover the wonder of Jesus? Who knew? God is on the move!

Looking ahead there are some great things we’re praying into as a leadership community. If I’ve learned one thing recently it’s to *pray first*. What a great reminder for all of life. So, here’s what I’m praying about:

- **That we will come to a deeper understanding of what it means to be on mission with Jesus.** In the New Year we will have a 40 Days experience focused around this theme, and I’m praying that thousands of us will be on mission.
- **That we will discover what it means to both gather and scatter.** We want to learn how to be the church in our neighbourhoods, not just when we’re all together on campus, and I’m praying that we will take the Good News of Jesus to our streets.
- **That the value of ministry multiplication will be raised.** We’ve launched The Exchange Church and we want to start planning for what’s next right now, and I’m praying that we’ll be in more places reaching more people.
- **That we will have Kingdom impact.** We already have interns and apprentices and we want to become a teaching church that will serve an equipping role in God’s Kingdom, and I’m praying already for the young people who will come here to learn together with us.

During our *Limitless* teaching series we were reminded of this great prayerful promise:

“Now to Him who is able to do immeasurably more than all we ask or imagine, according to His power that is at work within us.”
(Ephesians 3:20, NIV)

God can do more than we can ever imagine. Would you dare to dream with us?

James Paton
Lead Pastor, First Alliance Church

First Alliance
a christian & missionary alliance church



REFLECTIONS FROM OUR BOARD OF ELDERS



As we look back on the year that has passed, we once again see God's hand of provision and guidance that has been upon First Alliance Church. Through the Holy Spirit working through God's people, there has been impact on the Calgary community and beyond.

A key facilities development in the past year was the opening of our new Discoveryland expansion last fall. Providing more gathering space, classroom space, a bistro for parents to interact, and of course, "the climber", this space has provided a great opportunity to minister to families and draw people into our church facility. Through having people drawn to, and interacting in our facility, they are able to catch the vision of "Building Lives that Honour God – All for Jesus", and start to form greater bonds and connections to our church community. As we have observed through Sunday school classes, and summer camp environments, many children make their commitment to follow Jesus at this stage of their lives, so this

expansion is helping us to carry out our mission.

This past year also saw Pastor James and Gillian join our congregation. As our Senior Pastor, James has provided leadership through his weekend teaching, working with the staff and the board of elders, and encouraging us to be following God's direction for our lives. Starting off with a series focusing on our city, we have had many reminders and challenges about looking to, and being led by God for all aspects of our daily lives. There has been teaching on connecting, growing, serving and sharing to encourage us in continued development and maturity within our spiritual lives.

One particular aspect of note was the commitment to spending time in God's Word, and the 40 Days in the Word study that took place in January and February of this year. This was a significant moment in the spiritual growth of our church as people met on Sunday evenings and within their small groups to deliberately encourage each other to spend time in the Bible. Often with close to 300 people attending on Sunday evenings, and with discussions in small groups throughout the week, this sparked a renewed interest in Bible study for many, and enhanced the spiritual growth of our church. We look forward in anticipation to another time of study as we enter the new year of 2017, and desire that God does another great work in our congregation.

Great congratulations to our staff and volunteers are due in relation to the hosting of C&MA General Assembly in the spring. Many positive comments from our District office, the National office, and from participants were received – and a key point was the friendliness of the hosting group. Thanks to all of those who put forth a great effort to make the experience of having Assembly held within a church a wonderful one for those participating.

Finally, we have also continued to experience a difficult economic climate in Calgary and Alberta. This has impacted many members of our congregation and continues to impact our church in terms of giving and certain aspects of our ministry. While this environment presents its challenges, we will continue to focus on key ministry activities, be experimental in our approach to reaching people, and follow the One who gave His all for us.

Dave Orr

Chairman, Board of Elders

MINUTES

**Annual General Meeting of First Alliance Church
Sunday, October 25, 2015
12345 – 40 Street SE Calgary, AB**

1. **Call to Order** – Dave Orr called the meeting to order at 7:06 pm.
 2. **Opening Prayer** – Tim Beadle, Church Effectiveness Coach for the Western Canadian District, brought greetings from the District and led in opening prayer.
 3. **Declaration of a Quorum** – Dave confirmed that a quorum of members was present, so the meeting was declared officially opened. Dave then reviewed the agenda for the evening. (The final count was 215 members present for the meeting.)
 4. **Agenda – Moved and Seconded** that the agenda be approved as distributed. **CARRIED**
 5. **Minutes – Moved and Seconded** that the minutes from the Annual General Meeting of October 26, 2014, and the minutes of the Congregational Meeting of May 5, 2015 be approved. **CARRIED**
 6. **Appointment of Head Teller – Moved and Seconded** that Robert Hawes be appointed Head Teller, and that he be authorized to recruit additional help as required. **CARRIED**
 7. **Nominating Committee Report (Elders)** – Pastor James Paton, Chairman of the Nominating Committee, brought the following report:
Those nominated for a 2-year term as Elders are:
 - Graham Balzun
 - Steve Buszowski
 - Dale Dyck
 - Brent Kinnie
 - Dale Meister
 - Greg Shumlich
- Dave Orr declared the election open, and encouraged all members to vote. The Tellers collected the ballots.
8. **Election of the Nominating Team** – Pastor James Paton brought the report of the Committee for the Nominating Team for 2015/2016.
The names are: Cheryl Miller, Caroll Stankieveh, Tiffany Ho
Moved and Seconded that the report of the Nominating Committee for the nominees from the membership be approved. **CARRIED**
 9. **The story of God's Provision**
 - a. Report of the Treasurer
Graham Balzun provided an overview of the audited financial report, highlighting items of interest. He also gave an overview of the expansion project.
 - b. Questions and Answers. Graham replied to a question from the floor.
 - c. **Moved and Seconded** that the public accounting firm of Buchanan Barry LLP be appointed as auditors for the year ended June 30, 2016. **CARRIED**

10. Report of the Teller – It was reported that 211 ballots were cast for Elders, and every nominee received a majority, therefore all the Elder nominees were declared elected.

Moved and Seconded that the ballots be destroyed. **CARRIED**

11. Moved and Seconded that the Business Portion of the meeting be adjourned. **CARRIED**

Second Segment

1. Report on Ministry

- a. Ministry Stories of 2014/2015 (Ministry Departments) – Pastor James started off this segment by thanking all of the staff of FAC, and the volunteers working in the church. He then reviewed what some of the priorities will be in the ministries of First Alliance Church:
 - i. **Faith Formation**
Worship Services
Prayer Retreat
Holy Spirit Encounter
Discipleship Opportunities
 - ii. **Community Connections**
New opportunities to connect
Social media
Digital signage
Retention and engagement targets
 - iii. **Missional Lifestyles**
Gift of hospitality
Neighborhood teams
Prayer walks
Service opportunities
 - iv. **Leadership Development**
Learning community
Church multiplication
Strengthening the core of who we are
Investing in others
Highest capacity internship program in the country
Capital opportunity – a place for interns to stay while they are with us
- 2. Glenmore Christian Academy** – Doug Holt, Chairman of the Board of Directors of GCA, gave a brief background of his leading to become chairman of the GCA Board. He then reported on activities and developments at the school. He reported on enrollment, and staff levels, and the Board composition. He also reported on the recent capital program that saw the hallway expanded and straightened.
- 3. Expansion Project** – Jake Bueckert and Samantha Barrington reported on the expansion project.
- 4. Question and Answer** – Questions were asked and answers provided regarding the ministry reports.
- 5. Prayer Time** – People were encouraged to gather in small groups and pray for those things that have been discussed tonight, and for our province and country.
- 6. Closing comments and closing prayer** – Dave Orr thanked the administration staff of the church that was instrumental in doing all of the work that made this evening possible. He also thanked the Governance Team for their ongoing work to help the Board of Elders in proper governance. He also thanked the staff of the church. Pastor James closed the meeting in prayer. The meeting adjourned at 9:08 pm.

Respectfully submitted,

Dave Orr
Chairman Board of Elders

Jake Bueckert
Secretary

MINUTES

**Meeting of the Members of First Alliance Church
to Appoint an Auditor for the Current Fiscal Year
Sunday, June 5, 2016
12345 – 40 Street SE Calgary, AB**

1. **Call to Order** – Dave Orr called the meeting to order at 10:43 am.
2. **Opening Prayer** – Dave Orr opened the meeting in prayer.
3. **Agenda** – Dave advised that the one agenda item was to appoint an auditor for the current fiscal year.
4. **Declaration of a Quorum** – Dave confirmed that a quorum of members was present, so the meeting was declared officially opened. After the meeting, it was confirmed that 126 members were present for the meeting.
5. **Appointment of Teller** – Robert Hawes was appointed as Head Teller.
6. **Motion** – Graham Balzun gave a background of the need to appoint an auditor. He noted that at last fall's AGM, the firm of Buchanan Barry LLP had been appointed, which was a successor to the auditing portion of our former auditor, Enns & Company. He advised that Buchanan Barry was discontinuing their auditing function. He also noted that this was a good opportunity to test the market for our auditing requirements. As a result of this, requests for proposals were sent to 3 reputable accounting firms. The best proposal was received from KPMG LLP.

MOVED/SECONDED that the public accounting firm of Buchanan Barry LLP be discharged as auditors of record for First Alliance Church for the 2015/2016 fiscal year (year ending June 30, 2016); and that KPMG LLP be appointed as auditors for the current fiscal period. **CARRIED**
7. **Adjournment** – Marinus Hus led the meeting in prayer. The meeting adjourned at 10:57 am.

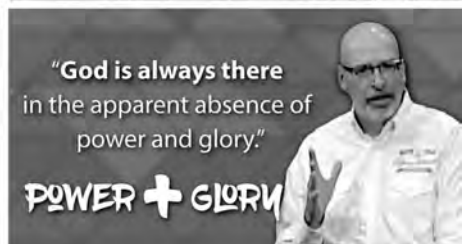
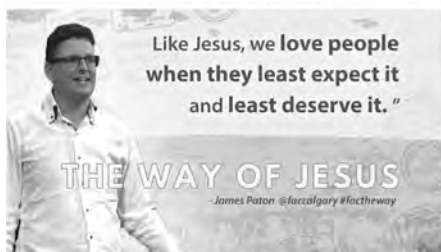
Respectfully submitted,

Dave Orr
Chairman Board of Elders

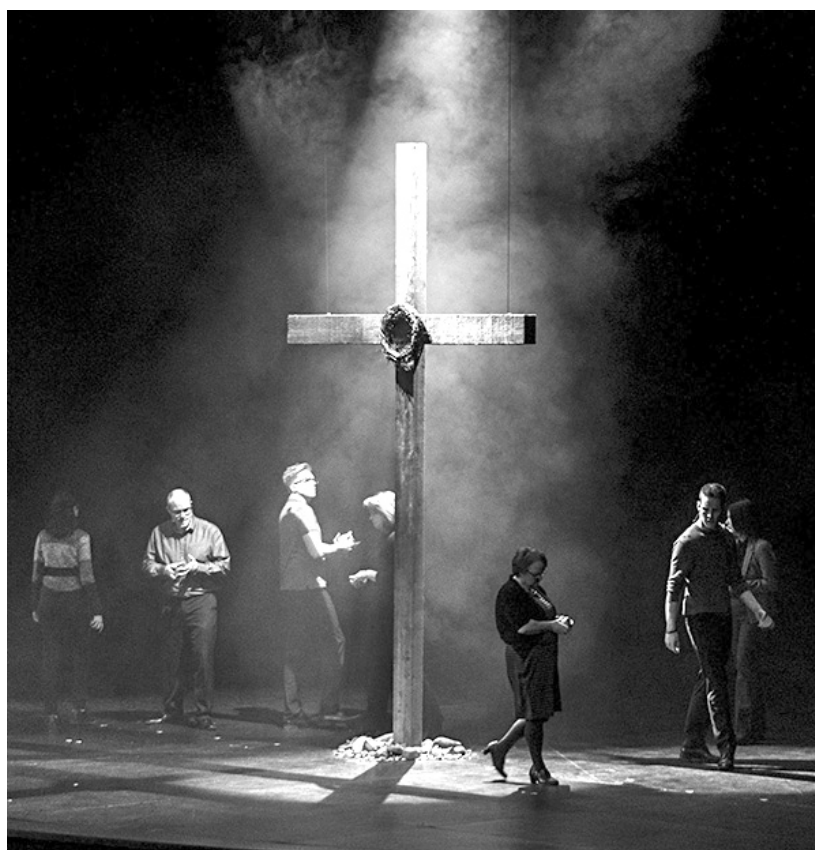
Jake Bueckert
Secretary

REFLECTIONS FROM 2015-2016

Watch and share your favourite weekends again: faccalgary.com/weekends/archives/



BELOW: Kicking off 2016 with a “full house” at our 40 Days in the Word on-campus super group last January.



ABOVE: Keeping the cross central at our Good Friday service; Braden sharing at our Easter services how only God fills his soul.

REPORT OF THE NOMINATING COMMITTEE

Board of Elders for 2016-2017

Elders Mid Term – Serving to Fall 2017:

Graham Balzun (3rd term)
 Steve Buszowski (2nd term)
 Dale Dyck (2nd term)
 Brent Kinnie (1st term)
 Dale Meister (3rd term)
 Greg Shumlich (2nd term)

After a thorough, prayerful process the Committee recommends the following names be placed in nomination for a 2-year term commencing Fall 2016:

Carlos Ang (3rd Term)
 Don Chivers (3rd Term)
 Blair Cooper (1st Term)
 Marinus Hus (2nd Term)
 Dave Orr (2nd Term)
 Trevor Zacharias (1st Term)

**Elders can serve up to a maximum of 3 consecutive terms; each term = 2 years.*

Nominating Committee Members:

Pastor James Paton (Chairman),
 Jake Bueckert, Mike Humphries, Dale Dyck
 Cheryl Miller, Caroll Stankievech, Tiffany Ho

Provision is made for the addition of names to the Report of the Nominating Committee in Article XV of the Church Constitution ...

Article XV – Elections

At the Annual General Meeting of the membership, the Board of Elders and any other officials required by the bylaws shall be elected. The Nominating Committee shall present and post, at least two Sundays prior to the Annual meeting, one name for each office to be filled. Other nominations, if any, shall be made in writing, signed by two members in good standing and filed with the Chairman of the Nominating Committee for posting before the public services of the Sunday prior to the Annual Meeting. Election shall be by ballot except in cases where only one nomination is presented and the ballot is waived by unanimous vote.

Nominations for 2016-2017 Nominating Committee:

Charles Ang
 Carla Balzun
 Joyce Rempel

COMMENTARY ON FINANCIAL RESULTS

First Alliance Church of the Christian & Missionary Alliance For the Year Ended June 30, 2016

(All references to dollar amounts are \$ thousands)

This Commentary on Financial Results is provided to enable readers to assess the financial operations and condition of First Alliance Church for the year ended June 30, 2016. It should be read in conjunction with the audited financial statements, notes and schedules and is dated October 24, 2016.

Financial Highlights

Total revenues were down \$680 to \$10,481. Total expenses increased 8.9% or \$743 to \$9,082. Breakdown of revenue and expense are shown below.

	(\$ thousands)	
Revenue	2016	2015
General Fund	\$6,298	\$6,359
Capital Fund	\$2,275	\$3,173
Missions Fund	\$1,489	\$1,224
Care Fund	\$419	\$405

Expenses	2016	2015
Staff	\$4,341	\$4,115
Missions	\$1,512	\$1,244
Ministry Costs	\$1,349	\$1,246
Support Costs	\$948	\$965
Interest	\$206	\$198
Amortization	\$726	\$571

Giving Support

Total donations decreased by 8.9% or \$932 to \$9,477. Following is a breakdown of giving for FAC's four major funds:

- General Fund giving was down by 5.5% or \$308k to \$5,293. This was the first decrease since '04-05.
- Capital Fund giving was down 28.5% or \$905 to \$2,275 partly due to approaching the final year of the "All For Jesus" campaign; we received \$1,495 towards the Building Expansion and sanctuary seating projects.
- Missions Fund giving increased by 22% or \$267 to \$1,489.
 - FAC's funding for Alliance Foreign Missions decreased 5.6% to \$748k compared with \$792 last year.
 - Donor designated giving increased significantly, \$283 (86%) compared to 2015.
- Care Fund giving increased slightly by 3.5% or \$14 over the previous year to \$419.

General Fund Highlights

We ended this year in a very unusual circumstance with the General Fund in a modest deficit. The amount of the deficit was \$28k compared to a surplus of \$394 in the prior year, a decrease of \$422. Decreased giving was offset by higher revenues in Harvest and Bookstore resulting in an overall decrease in revenue of \$61. Expenses increased by \$509 or 8.5%.

- Staff costs were up 5.5% compared to the prior year, in part due to filling vacancies.
- Ministry costs were up by \$301, predominantly in the areas of Harvest Culinary Ministries and Cornerstone Marketplace. Both ministries also saw corresponding increases in revenue as mentioned previously. The variance in these areas are in part attributable to hosting the C&MA General Assembly.

Changes in FAC's Financial Position

- The long term debt required to provide FAC's current facilities was paid down by \$631, reducing the remaining balance to \$5.66 million. A short term loan was put in place for the expansion to bridge the timing difference between expenditures – which occur over a relatively short building period - and contributions to the project which occur over a multiyear giving campaign. At the end of the fiscal year, \$558 remained owing on this loan.
- The building expansion was successfully completed within the \$6.98 million budget.

Overall Summary

First Alliance Church remains in a positive financial position at year end, allowing ministry to continue to be provided to a growing and increasingly diverse congregation. We are very grateful for God's provision through the continued faithful giving by His people. This allowed for a range of ministry to be provided which literally touches thousands of lives; for the building expansion to be funded without incurring additional long term debt; and for reduction of long term debt by over 10%. All of this occurred while our local economy is experiencing its most difficult period in several decades. While we are seeing increasing evidence of those challenges in FAC's finances, we can all be encouraged by God's continued provision and can trust Him as we continue to live out our vision to *Build Lives that Honour God ... All for Jesus* here at FAC.

Respectfully submitted,

Graham Balzun
Treasurer

Non-Consolidated Financial Statements of

**FIRST ALLIANCE CHURCH
OF THE CHRISTIAN AND
MISSIONARY ALLIANCE**

Year ended June 30, 2016

INDEPENDENT AUDITORS' REPORT

To the Members of First Alliance Church of the Christian and Missionary Alliance

We have audited the accompanying non-consolidated financial statements of First Alliance Church of the Christian and Missionary Alliance, which comprise the non-consolidated statement of financial position as at June 30, 2016, the non-consolidated statements of operations and changes in fund balances, and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated 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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the non-consolidated 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 non-consolidated 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 non-consolidated financial statements present fairly, in all material respects, the financial position of First Alliance Church of the Christian and Missionary Alliance as at June 30, 2016, 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.

Comparative Information

The non-consolidated financial statements of First Alliance Church of the Christian and Missionary Alliance as at and for the year ended June 30, 2015 were audited by another auditor who expressed an unmodified opinion on those non-consolidated statements on October 19, 2015.

The image shows the handwritten signature "KPMG LLP" in black ink. The letters are bold and slanted. Below the signature is a long, horizontal, slightly curved line that serves as a signature flourish.

Chartered Professional Accountants

October 24, 2016
Calgary, Canada


MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING


The non-consolidated financial statements of First Alliance Church of the Christian Missionary Alliance (the "Church") have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These non-consolidated financial statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the non-consolidated financial statements are presented fairly in all material respects.

The integrity and reliability of the Church's reporting systems are achieved through the use of internal controls comprising written policies, standards and procedures, a formal authorization structure, and satisfaction processes for reviewing internal controls and financial information. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Elders (the "Board") is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the non-consolidated financial statements. The Board carries out this responsibility principally through its Finance and Facilities Committee (the "Committee"). The Committee is appointed by the Board and meets periodically with management and the Church's external auditors to review significant accounting, reporting and internal control matters. Following its review of the non-consolidated financial statements and discussions with the auditors, the Committee reports to the Board prior to its approval of the non-consolidated financial statements. The Committee also considers, for review by the Board and approval by the members of the Church, the engagement or re-appointment of the external auditors.

The non-consolidated financial statements have been audited on behalf of the members by KPMG LLP, in accordance with Canadian generally accepted auditing standards.



James Paton
Lead Pastor

Graham Balzun
General Treasurer

Calgary, Canada

October 24, 2016

FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Non-Consolidated Statement of Financial Position

June 30, 2016, with comparative information for 2015

	General Fund	Missions Fund	Capital Fund	Care Fund	Total 2016	Total 2015
Assets						
Current assets:						
Cash and cash equivalents (note 2)	\$ 203,823	\$ 169,278	\$ 196,948	\$ 182,671	\$ 752,720	\$ 531,840
Accounts receivable (note 3)	104,426	—	—	—	104,426	182,260
Prepaid expenses	66,640	—	—	—	66,640	40,227
Inventory	85,205	—	—	—	85,205	94,180
	460,094	169,278	196,948	182,671	1,008,991	848,507
Employee loan (note 4)	100,000	—	—	—	100,000	—
Capital assets (note 5)	—	—	30,388,764	—	30,388,764	29,241,371
	\$ 560,094	\$ 169,278	\$ 30,585,712	\$ 182,671	\$ 31,497,755	\$ 30,089,878

Liabilities and Net Assets

Current liabilities:						
Accounts payable and accrued liabilities	\$ 269,015	\$ 158,613	\$ —	\$ —	\$ 427,628	\$ 376,892
Deferred revenue (note 6)	52,799	—	—	—	52,799	23,010
Demand loans (note 7)	—	—	6,219,175	—	6,219,175	6,291,775
	321,814	158,613	6,219,175	—	6,699,602	6,691,677
Fund balances:						
Unrestricted	238,280	10,665	73,172	182,671	504,788	448,605
Invested in capital assets	—	—	24,293,365	—	24,293,365	22,949,596
	238,280	10,665	24,366,537	182,671	24,798,153	23,398,201
Commitments (note 8)						
	\$ 560,094	\$ 169,278	\$ 30,585,712	\$ 182,671	\$ 31,497,755	\$ 30,089,878

See accompanying notes to non-consolidated financial statements.

Approved on behalf of the Board:



 _____ Director



 _____ Director

FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Non-Consolidated Statement of Operations and Changes in Fund Balances

Year ended June 30, 2016, with comparative information for 2015

	General Fund		Restricted Fund				Total 2016	Total 2015
	2016	2015	Missions Fund	Capital Fund	Care Fund			
Revenues:								
Offerings								
General	\$ 5,293,385	\$ 5,601,791	\$ 876,736	\$ 281,811	\$ 341,518	\$ 1,500,065	\$ 1,796,388	
Designated	–	7,484	612,717	1,993,436	77,745	2,683,898	3,011,119	
Earned revenues and recoveries	1,004,369	749,786	–	–	–	–	1,352	
Gain (loss) on disposal of assets	–	–	–	50	–	50	(6,900)	
	6,297,754	6,359,061	1,489,453	2,275,297	419,263	4,184,013	4,801,959	
Expenses (Schedules):								
Staff costs	4,341,132	4,115,336	–	–	–	–	–	
Ministry costs	1,036,428	884,429	1,512,103	–	312,611	1,824,714	1,605,704	
Support costs	948,013	964,862	–	205,893	–	205,893	197,360	
Amortization	–	–	–	725,635	–	725,635	571,114	
	6,325,573	5,964,627	1,512,103	931,528	312,611	2,756,242	2,374,178	
Excess (deficiency) of revenue over expenses	(27,819)	394,434	(22,650)	1,343,769	106,652	1,427,771	2,427,781	
Fund balances, beginning of								
year	266,099	1,171,665	33,315	23,022,768	76,019	23,132,102	19,404,321	
Interfund transfers	–	(1,300,000)	–	–	–	–	1,300,000	
Fund balances, end								
of year	\$ 238,280	\$ 266,099	\$ 10,665	\$ 24,366,537	\$ 182,671	\$ 24,559,873	\$ 23,132,102	

See accompanying notes to non-consolidated financial statements.

FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Non-Consolidated Statement of Cash Flows

Year ended June 30, 2016, with comparative information for 2015

	General Fund		Restricted Fund			Total 2016	Total 2015
	2016	2015	Missions Fund	Capital Fund	Care Fund		
Cash provided by (used in):							
Operating activities:							
Offerings:							
General	\$ 5,293,385	\$ 5,601,791	\$ 876,736	\$ 281,811	\$ 341,518	\$ 1,500,065	\$ 1,796,388
Designated	—	7,484	612,717	1,993,436	77,745	2,683,898	3,009,569
Earned revenues and recoveries	1,064,764	644,541	—	—	—	—	1,352
Staff costs	(4,341,132)	(4,115,336)	—	—	—	—	—
Ministry costs	(907,380)	(871,825)	(1,401,318)	—	(319,019)	(1,720,337)	(1,543,382)
Support costs	(948,013)	(955,054)	—	(358,742)	—	(358,742)	(190,633)
	161,624	311,601	88,135	1,916,505	100,244	2,104,884	3,073,294
Investments:							
Purchase of capital assets	—	—	—	(1,873,028)	—	(1,873,028)	(4,946,464)
Employee loan advances	(100,000)	—	—	—	—	—	—
Employee loan repayments	—	105,000	—	—	—	—	—
	(100,000)	105,000	—	(1,873,028)	—	(1,873,028)	(4,946,464)
Financing:							
Loan advances	—	—	—	1,000,000	—	1,000,000	—
Loan payments	—	—	—	(1,072,600)	—	(1,072,600)	(772,452)
Interfund transfers	—	(1,300,000)	—	—	—	—	1,300,000
	—	(1,300,000)	—	(72,600)	—	(72,600)	527,548
Increase (decrease) in cash and cash equivalents	61,624	883,399	88,135	(29,123)	100,244	159,256	(1,345,622)
Cash and cash equivalents, beginning of year	142,199	1,025,598	81,143	226,071	82,427	389,641	1,735,163
Cash and cash equivalents, end of year	\$ 203,823	\$ 142,199	\$ 169,278	\$ 196,948	\$ 182,671	\$ 548,897	\$ 389,641

See accompanying notes to non-consolidated financial statements.

FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Notes to non-consolidated financial statements

Year ended June 30, 2016

Description of operations:

First Alliance Church of the Christian and Missionary Alliance (the "Church") is a not-for-profit organization incorporated under the Religious Societies Lands Act of Alberta. The Church is a registered charity within the meaning assigned under the Canadian Income Tax Act and accordingly is exempt from income taxes. The Church's mission is to introduce people to Jesus Christ, to grow together in full devotion to Him, and to reproduce this process in others.

1. Significant accounting policies:

The non-consolidated financial statements of the Church have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. The non-consolidated financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

(a) Cash and cash equivalents:

Cash consists of cash on hand, deposits with third-party Canadian financial institutions and cheques issued in excess of cash. Highly-liquid investments with original maturities less than three months or redeemable on demand are considered to be cash equivalents.

(b) Inventory:

Inventory is comprised of groceries and bookstore merchandise and is valued at the lower of cost and net realizable value, as determined by management, with cost being determined on a First-In, First-out ("FIFO") method. The use of inventories is reported in Schedule 1 under the ministry costs for the Harvest Ministries and the Library and Resource Centre. The expenses noted for these ministries activities consist primarily of the use of inventory. In the event that circumstances which previously cause inventories to be written down below cost no longer exist, the amount of the write-down is reserved.

(c) Capital assets:

Capital assets are recorded in the Capital Fund at cost less accumulated amortization. Purchased capital assets are recorded at cost and contributed capital assets are recognized at the fair value on the date of contribution, when fair value can be reasonably determined. Costs incurred while property is under construction is included in the cost of the asset. Amortization and interest paid on debt acquired to fund the construction are recorded as an expense in the Capital Fund.

FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Notes to non-consolidated financial statements, page 2

Year ended June 30, 2016

1. Significant accounting policies (continued):

(c) Capital assets (continued):

Capital assets are amortized on a straight-line basis over their estimated useful lives commencing when assets are placed into service over the following years:

Building	50
Computer equipment	4
Furniture and equipment	10
Parking lot	25

The Church regularly reviews its capital assets to eliminate obsolete or impaired items.

(d) Fund accounting:

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

The General Fund accounts for the Church's operations, program delivery and administration of the Church.

The Missions Fund accounts for offerings designated for local and global missions.

The Capital Fund reports the assets, liabilities, revenues and expenses related to the Church's capital assets and building expansion campaign.

The Care Fund accounts for offerings designated for assisting individuals and families who are experiencing financial and material needs so that the Church can minister to the whole person. The Care Fund also accounts for memorial services.

(e) Revenue recognition:

General offerings, which are 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.

Designated offerings, which are restricted contributions, related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. Contributions received but not recognized as revenue are reported as deferred revenue of the General Fund. All other restricted contributions are recognized as revenue of the appropriate restricted fund when received or receivable.

Earned revenue and recoveries are recognized as revenue when the services or goods are provided. Earned revenues included rental revenue, library sales and commissions. Harvest and House sales of food, merchandise beverages, and others.

FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Notes to non-consolidated financial statements, page 3

Year ended June 30, 2016

1. Significant accounting policies (continued):

(f) Contributed services:

The Church receives the benefit of contributed services from numerous individuals in many service delivery capacities. Because of the difficulty in determining their fair value, contributed services are not recognized in the non-consolidated financial statements.

(g) Future employee benefits:

The Church sponsors a defined contribution pension plan for eligible staff. Employer contributions are disclosed as retirement funds in the general fund schedule of expenses, earned revenues and recoveries (Schedule 1). This plan provides participants with an account balance at retirement based on the contributions made to the plan and investment income earned on the contributions based on investment decisions made by the participants.

(h) Financial instruments policy:

(i) Measurement:

The Church initially measures its financial assets and liabilities at fair value, except for certain related party transactions which are measured at the carrying amount or exchange amount. The Church subsequently measures all financial assets and financial liabilities at amortized cost, except equity instruments quoted in an active market, which are reported at fair value with any unrealized gains and losses reported in excess (deficit) of revenues over expenses.

Financial assets subsequently measured at amortized cost include cash and cash equivalents and accounts receivable.

Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities and demand loans.

(ii) Impairment:

Financial assets subsequently measured at amortized cost are tested for impairment when there are indications that an impairment exists. The amount of write-down is recognized as an impairment loss in excess (deficit) of revenues over expenses. A previously recognized impairment loss may be reversed to the extent of an improvement, provided it is not 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 excess (deficit) of revenues over expenses in the period the reversal occurs.

FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Notes to non-consolidated financial statements, page 4

Year ended June 30, 2016

1. Significant accounting policies (continued):

(h) Financial instruments policy (continued):

(iii) Transaction costs:

The Church recognizes transaction costs on financial instruments subsequently measured at fair value in excess (deficiency) of revenues over expenses in the period incurred. Financial instruments subsequently measured at amortized cost are adjusted for financing fees and transaction costs which are directly attributable to the origination and acquisition of the financial instruments.

(i) Measurement uncertainty:

The preparation of non-consolidated financial statements in conformity with Canadian accounting standards for not-for-profit organization requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the non-consolidated financial statements and the reported amounts of revenues and expenses during the period. Estimates and assumptions include the estimated useful life of capital assets for amortization purposes, the net payable amount for vacation pay, and the non-recoverable amount of accounts receivable, inventory, and capital assets. By their nature, these estimates are subject to measurement uncertainty, and the effect on the non-consolidated financial statements of changes in such estimates in future period could be significant.

2. Cash and cash equivalents:

The Church considers deposits in banks and investment certificates redeemable on demand as cash and cash equivalents as they are readily available to convert into cash.

	2016	2015
Cash on deposit	\$ 752,720	\$ 531,840
	\$ 752,720	\$ 531,840

The rate of return on cash and cash equivalents for the year was 2.70% (2015 – between 2.85% and 3.00%).

FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Notes to non-consolidated financial statements, page 5

Year ended June 30, 2016

3. Accounts receivable:

Included in accounts receivable is good and services tax ("GST") recoverable of \$78,360 (2015 – \$150,803).

4. Employee loan:

	2016	2015
Housing loan is non-interest bearing and is secured by a mortgage and registerable charge against the related property. While there is no set repayment term, the loans is due within 30 days upon discontinued employment with the Church or disposition of the related property by the employee. If, for any reason, the amount is not repaid within thirty days the loans will bear interest at the bank's prime rate plus 8%	\$ 100,000	\$ –
	\$ 100,000	\$ –

5. Capital assets:

			2016	2015
	Cost	Accumulated depreciation	Net book value	Net book value
Land	\$ 5,295,832	\$ –	\$ 5,295,832	\$ 5,295,832
Building	28,729,140	4,872,987	23,856,653	17,775,774
Expansion in progress	–	–	–	5,616,918
Computer equipment	644,019	158,011	486,008	12,967
Furniture and equipment	1,334,951	917,670	417,281	428,440
Parking lot	349,234	16,244	332,990	111,440
	\$36,353,176	\$ 5,964,412	\$ 30,388,764	\$ 29,241,371

The Church completed a \$7 million expansion project whereby the children's and youth's wing was expanded by approximately 36,000 square feet. The expansion was completed in August 2015. Costs incurred related to the expansion have been capitalized and amortized in accordance with the Church's policies.

FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Notes to non-consolidated financial statements, page 6

Year ended June 30, 2016

6. Deferred revenue:

The amounts representing deferred revenue are restricted externally in the manner in which such funds may be used. The restrictions are determined by arrangements between the Church and the specific parties involved in the programs:

	Opening balance	Additions during the year	Recognized as revenue	Ending balance
Events deposits	\$ 1,639	\$ 57,918	\$ 56,636	\$ 2,921
Summer camp registration	21,371	67,190	38,683	49,878
	\$ 23,010	\$ 125,108	\$ 95,319	\$ 52,799

7. Demand loans:

	2016	2015
Facility #1 non-revolving demand term facility loan bearing interest at 3.15% and repayable in blended monthly payments of \$40,469. The loan matures on March 6, 2017	\$ 5,660,973	\$ 6,291,775
Facility #2 non-revolving demand term facility loan bearing interest at the bank's prime lending rate plus 0.50% per annum and repayable in blended monthly payments of \$16,667. The loan matures on November 30, 2016	558,202	—
	\$ 6,219,175	\$ 6,291,775

In addition to the above noted facilities, as at year end the Church had the following available:

A revolving demand facility loan with a \$300,000 limit that bears interest at the bank's prime lending rate plus 0.50% per annum. As at June 30, 2016, \$nil (2015 – \$nil) was drawn on the facility.

A business credit card with a \$200,000 limit that is governed by a separate agreement. As at June 30, 2016, \$62,615 (2015 – \$38,039) was drawn on the credit card facility. These amounts are included in accounts payable and accrued liabilities on the non-consolidated statement of financial position.

FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Notes to non-consolidated financial statements, page 7

Year ended June 30, 2016

7. Demand loans (continued):

The aggregate draws under the revolving demand facility loan and the credit card facility cannot exceed \$500,000 at any time. The draws under facility #1 cannot exceed \$5,800,034 at any time.

All facility loans are secured by a general security agreement covering all of the assets of the Church and a collateral mortgage in the amount of \$16,000,000 on the land and building owned by the Church.

Financial reporting requirements include annual audited non-consolidated financial statements to be provided to the bank within 120 days of each fiscal year end. Financial covenants require the Church to maintain a debt service coverage of not less than 1.10:1. The bank defines debt service coverage as the ratio of EBITDA plus advances from the syndicated mortgage, less unfunded capital expenditures to the total of interest expense and scheduled principal payments in respect of funded debt plus, without duplication, principal and interest payments in respect of the syndicated mortgage. As at June 30, 2016, the Church was in compliance with these requirements.

During the year the Church paid \$205,893 (2015 – \$197,860) in interest expense on its demand loans. Interest expense is included in the support cost of the Capital Fund.

8. Commitments:

The Church has entered into an agreement with the Government of Canada to sponsor refugees. The Church acts as the main sponsor whereby refugee families that come to Calgary under this program are supported by the Church. Payments to refugees are only made when the families arrive in Calgary. As at the balance sheet date, the Church has committed to \$262,700 in sponsorship funds, of which \$nil have been used.

9. Controlled entity:

The Church controls the Glenmore Christian Academy Educational Society (the "Society"), which owns and operates Glenmore Christian Academy ("GCA"). The Society is a not-for-profit organization whose purpose is to provide schooling for children from Kindergarten to Grade 9. The Church's Board of Elders are the members of the Society and as such appoint the Society's Board of Directors.

Effective September 1, 2008 the Society and the Board of Trustees of Palliser Regional Division No. 26 (the "Palliser Board"), entered into an agreement whereby the Palliser Board is responsible for the alternative education of all students from Grade 1 through 9. This agreement changed entitlement to revenue and responsibility costs. Through this agreement, teacher and certain support staff salaries and educational related expenses were paid by the Palliser Board. Certain operational and maintenance expenses were recovered from the Palliser Board.

FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Notes to non-consolidated financial statements, page 8

Year ended June 30, 2016

9. Controlled entity (continued):

The Palliser Board deducted a 5% administration fee from all flow-through monies excluding salaries. Alberta Education also provides facility lease funding to alternative school based on a square footage formula. Under the terms of this agreement, the Palliser Board was to pay the Society a facility lease equal to the amount received from Alberta Education less the 5% administration fee.

Effective June 30, 2014, the Palliser Board closed GCA (as per section 6.3b of the School Act: Closure of Schools Regulation) and the Society terminated their agreement with the Palliser Board. On August 12, 2014, the Society received approval from Alberta Education to operate the GCA as an accredited funded private school for students from Kindergarten to Grade 9. The one-year waiting period before receiving a grant (as per Section 9(2) of the Private Schools Regulation) has been waived and the Society received funding for the 2014/2015 school year.

The financial statements of the Society have not been consolidated in the Church's financial statements. Financial statements of the Society are available on request. Financial summaries of this unconsolidated entity as at August 31 and for the year then ended are as follows (amounts in table below are shown in \$000's):

	2015	2014
Financial position:		
Total assets	\$ 19,242	\$ 20,926
Total liabilities	7,813	9,977
Total net assets	11,429	10,949
	\$ 19,242	\$ 20,926
Results of operations		
Total revenues	\$ 10,144	\$ 6,388
Total expenses	9,665	5,219
	\$ 479	\$ 1,169
Cash flows		
Cash from operations	\$ 959	\$ 2,145
Cash used in investing activities	(220)	(93)
Cash used in financing activities	(1,963)	(397)
	\$ (1,224)	\$ 1,655

FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Notes to non-consolidated financial statements, page 9

Year ended June 30, 2016

9. Controlled entity (continued):

Unlike the Church, the Society follows the deferral method of accounting for which contributions are not recognized into revenue until the period in which the related expenses are incurred. Were the Society to recognize revenue under the fund method of accounting, the results of its operations and financial position could be significantly different than those noted above.

The resources of the Society are restricted in that \$187,788 (2014 – \$209,201) of funds are restricted for specific projects. In addition, as part of the Society's facility agreement, the long-term debt of \$3,900,521 (2014 – demand loan of \$5,863,240) is secured by a general security agreement covering all current and future assets of the Society in the amount of \$8,500,000 and the assignment of an insurance policy.

10. Financial instruments:

The Church is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity's risk exposure and concentrations at the non-consolidated statement of financial position date.

(a) Credit risk:

Credit risk arises from the possibility that third parties may default on their financial obligations. The Church is exposed to credit risk on cash and cash equivalents and accounts receivable.

The Church's accounts receivable are due from a diverse group of customers and as such are subject to normal credit risks.

The Church's credit risk exposure on cash is minimized substantially by ensuring that cash is held with credible financial institutions.

(b) 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 is comprised of currency risk, interest rate risk, and other price risk as further described below.

(i) Currency risk:

Currency risk is the risk that the value of financial instruments denominated in currencies other than the reporting currency of the Church will fluctuate due to changes in foreign exchange rates. The Church is not exposed to foreign currency exchange risk.

FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Notes to non-consolidated financial statements, page 10

Year ended June 30, 2016

10. Financial instruments (continued):

(b) Market risk (continued):

(ii) Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Church is exposed to both interest rate risk and cash flow risk to the extent that its facility loan acquired after year-end is at a floating rates of interest.

The Church is exposed to interest rate price risk to the extent that the current demand loan facility is at a fixed rate of interest. The fair market value will fluctuate to the extent that the prevailing market interest rate under similar conditions will fluctuate.

(iii) Other price risk:

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Church is not exposed to significant other price risk.

(c) Liquidity risk:

Liquidity risk is the risk that the Church will encounter difficulty in meeting obligations associated with financial liabilities. The Church prepares annual budgets for the General, Missions, Capital and Care Funds and actively monitors its cash flows from operating, investing and financing activities. The Church is exposed to liquidity risk by being dependent on continued offering for cash inflows and on the bank for renewing the facilities.

FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Schedule 1: General Fund Schedule of Expenses, Earned Revenues and Recoveries

Year ended June 30, 2016, with comparative figures for 2015

	2016		2015	
	Expenses	Earned Revenues and Recoveries	Expenses	Earned Revenues and Recoveries
Staff costs				
Employee benefits	\$ 393,482	\$ –	\$ 351,423	\$ –
Retirement funds	146,865	–	147,100	–
Salaries	3,800,785	47,384	3,616,813	32,314
	\$ 4,341,132	\$ 47,384	\$ 4,115,336	\$ 32,314
Ministry costs*				
Children's ministries	\$ 61,794	\$ 16,015	\$ 75,791	\$ 15,187
Communications and events	89,911	–	85,133	–
Community impact	18,847	6,539	17,210	830
Congregational care	7,900	–	8,644	–
Family and marriage	45,756	31,242	38,363	27,518
Global impact	16,422	–	15,627	–
Harvest ministries	242,252	348,536	172,650	183,713
House ministries	–	–	112,394	45,842
Leadership development	12,493	–	11,621	–
Library and resource centre	210,326	231,464	93,841	155,023
Life connection	65,352	45,624	47,199	23,714
Life development	52,155	11,321	30,680	3,467
Student's ministries	78,484	29,321	73,846	22,000
Technical arts	46,707	8,232	36,101	4,311
The Exchange	17,527	–	8,976	–
Worship arts	70,502	20,176	56,353	17,201
	\$ 1,036,428	\$ 748,470	\$ 884,429	\$ 498,806
Support costs*				
C.&M.A. district operating	\$ 159,884	\$ –	\$ 167,380	\$ –
Custodial	187,639	–	170,457	–
Finance	145,027	–	116,989	–
Office administration	27,881	–	25,741	–
Pastoral administration	257,027	–	286,834	–
Rental and other revenues	–	208,515	–	218,666
Utilities	170,555	–	197,461	–
	\$ 948,013	\$ 208,515	\$ 964,862	\$ 218,666
Grand total	\$ 6,325,573	\$ 1,004,369	\$ 5,964,627	\$ 749,786

* Support costs and ministry costs are presented separately from staff costs.

FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Schedule 2: Mission Fund Schedule of Expenses

Year ended June 30, 2016, with comparative figures for 2015

	Undesignated	Donor Designated	2016 Total
Alliance foreign missions	\$ 705,285	\$ 42,488	\$ 747,773
Alliance home missions	39,000	100,761	139,761
Ambrose University and other colleges, seminaries	34,000	19,636	53,636
Camp Chamisall	12,000	20,944	32,944
Commissioned missionaries	56,670	101,732	158,402
Other Christian organizations	—	14,586	14,586
Outreach organizations	2,000	253,596	255,596
Short-term missions	—	57,352	57,352
Sundry and administration charges	50,428	1,622	52,050
	\$ 899,383	\$ 612,717	\$ 1,512,100

	Undesignated	Donor Designated	2015 Total
Alliance foreign missions	\$ 704,653	\$ 87,475	\$ 792,128
Alliance home missions	39,000	1,020	40,020
Ambrose University and other colleges, seminaries	34,000	2,200	36,200
Camp Chamisall	12,000	18,293	30,293
Commissioned missionaries	59,250	127,797	187,047
Other Christian organizations	—	15,000	15,000
Outreach organizations	2,400	42,647	45,047
Short-term missions	—	33,014	33,014
Sundry and administration charges	62,557	2,500	65,057
	\$ 913,860	\$ 329,946	\$ 1,243,806

"BUILDING LIVES THAT
HONOUR GOD ...ALL FOR JESUS."

We do this through ...

CONNECTING

in smaller groups

GROWING

to become more like Jesus

SERVING

God by serving others

& SHARING

*Jesus and His love
wherever God places us.*

First Alliance 
a christian & missionary alliance church

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