

# *Annual Report 2019*

*Building lives that honour God.*



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## Agenda

### Annual General Meeting of First Alliance Church Monday, October 28, 2019

#### 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 28, 2018
5. Minutes of the Special Congregational Meeting of Sunday, December 2, 2018
6. Motion to Appoint Tellers for Annual General Meeting
7. Report of the Nominating Committee for 2019/2020
8. Election of Elders
9. Election of the Nominating Committee for 2020/2021
10. The Story of God's Provision
  - a. Report of the Treasurer
  - b. Appointment of accountants for the fiscal period of July 1, 2019 to June 30, 2020

#### Second Segment

1. Report on Ministry
  - a. Ministry Story of 2018/2019
  - b. Glenmore Christian Academy Report
2. Question and Answer Session
3. Prayer Time
4. Closing Comments/Closing Prayer
5. Invitation to Dessert Time



## A Note From Pastor James



Having pastored churches in 3 European countries I've been well aware of the challenges facing the Church as we move closer to the margins of public life. We're beginning to experience what Peter calls being 'exiles.' It's a new way to live our faith and impact our world. At times this can seem unsettling to some, but I remain convinced that the Church can not only survive – we can thrive! With over 300 decisions for Christ this past year, and the successful transition to autonomy for our church plant, The Exchange Church, this is our reality. God has been so good to us!

We continue to **multiply** with the launch of our brand new Southwest Campus, the expansion of our online ministries, and partnerships with church plants in Montreal and Phuket. Our **missions** focus is strong with over 60 people participating in short-term trips and giving nearing our \$1 million

goal. Our focus on **momentum** continues through Alpha, Celebrate Recovery, Soul Care, Community Connect, the launch of a new Spanish ministry, the revitalization of our youth ministry, and intentional times to meet new people monthly with Wings 'n Things and Crepe Connection. Even in a tough economic climate we have avoided a deficit and are still on target to meet our **money** goal to be debt-free in 3 years or less. God has been our provider!

Often I use the term 'urban missionaries' to describe our calling both as a church and for each one of us personally. It's no accident that we are right here, right now. God's heart is for our city and He is aligning our hearts with His heart. Do you feel it? It's what prompts us to **go and be** disciple-makers. It's what motivates us to invite people to **come and see** what God is doing in our lives and through our church. How can you reach over the fence? Who will you impact by being Jesus to them? Who will you share the story of Jesus with? Who can you invite? Jesus Himself has promised to be with you in this adventure!

Paul wrote to his friends saying:

*"I am confident of this, that the one who began a good work among you will bring it to completion by the day of Jesus Christ."*  
(Philippians 1:6, NRSV)

Do you share his confidence? I do. It's why FAC continues to dream of reaching other parts of our city with the good news of Jesus. It's why we continue to develop strong, capable young leaders. It's why we pray, and give, and go. Will you join us? •

# Reflections from our Board of Elders

Written by Dave Orr, Chairman of the Board of Elders

**M**oving into the fall of 2019, we have much to be thankful for as we look back on the last year. Taking time to reflect is an important activity for us as believers – we then ensure that we are taking time to acknowledge the Lord’s movement within our church, and we can also identify areas of blessing so that we will have and continue to develop grateful hearts for what He has done for, in, and through us.

During the fiscal year of 2018/2019, First Alliance Church continued to pursue the aspects related to our M&Ms strategy that had been adopted during the previous year. **The key areas of this strategy include Momentum, Multiplication, Money, and Missions, with each one receiving attention during this past year.** As we continue to progress towards the goals associated with this strategy, we have devoted resources and efforts to progress along a path to achieve them. We continue to follow where He is guiding us – and are grateful for the blessings and progress that has been made in the 2 years since this direction was launched.

**Multiplication** is an area that the lead team and board felt First Alliance should be pursuing in the southwest quadrant of the city. There are many communities surrounding the location in the southwest where our Southwest Campus will operate – out of Glenmore Christian Academy – and great opportunities for reaching out into these communities. There are also plans for many new communities to be built in and around this area as the construction of the Ring Road takes place. This will provide an even greater drawing area for this new campus location. The surrounding communities comprise 68,000 residents currently, and are anticipated to grow to 135,000 people when these new communities are fully developed. It will be exciting to launch the new campus on October 20, 2019 – there has been a large amount of work in preparation during the past year

and Pastor Jeff Marshall has done a fantastic job leading the effort to create a path towards the launch. Thanks to him and the many volunteers who have signed up to help, and to all of the staff that have taken on extra responsibilities to make this a reality – we appreciate your efforts so much to help prepare the way to reach into this area of the city with the Good News of Jesus!

**Another key development during this past year was the adoption of a new Constitution and Bylaws.** These were adopted during December at a special Congregational meeting. Much work had taken place through the efforts of our Governance Team. Through their efforts, documents were brought forward and recommended to the Board of Elders, and then to the congregation. Requirements were also considered to ensure that First Alliance aligned with many changes that had been made to the National Constitution of the Christian and Missionary Alliance, as well as the Canada Revenue Agency. The CRA looks at our statement of purpose, and this had required updating as part of this process. Approvals were made regarding the updates of both documents, as it had been many years since revisions had taken place. Having these documents in place helps reinforce our purpose and provides the framework for carrying out the work of our local church.



As God continues to guide us forward into new areas of the city, your board and staff team appreciate your prayers for continued guidance from the One whose *“Word is a lamp to our feet, and a light for our path”* (Psalm 119:105). •

# Minutes

## Annual General Meeting of First Alliance Church Sunday, October 28, 2018 12345 40 Street SE Calgary, AB

### First Segment

1. **Call to Order** – Dave Orr called the meeting to order at 7:06 pm. Dave welcomed congregants and stated that we have many things to be thankful for as identified in the Annual Report.
2. **Opening Prayer** – Jake Bueckert opened the meeting in prayer.
3. **Quorum** – The registration secretary advised that more than 50 members were present, so the meeting was declared duly constituted. The final number of registrations was 229.
4. **Agenda** – Dave Orr reviewed the agendas as included in the Annual Report.  
**Moved/Seconded** that the agenda be adopted. **CARRIED**
5. **Minutes – Moved/Seconded** that the Minutes of the AGM of Sunday, October 29, 2017 be adopted as circulated in the Annual Report. **CARRIED**
6. **Motion to Appoint Tellers – Moved/Seconded** that Mike Humphries be appointed as Head Teller and that he be authorized to recruit assistants as required. **CARRIED**
7. **Report of the Nominating Committee for 2018/2019 (Elders)** – Pastor James Paton, Chair of the Nominating Committee, read the report of the Nominating Committee. The nominees were:
  - Blair Cooper (2<sup>nd</sup> Term)
  - Daniel Hui (1<sup>st</sup> Term)
  - Marinus Hus (3<sup>rd</sup> Term)
  - Adam Kenny (1<sup>st</sup> Term)
  - Dave Orr (3<sup>rd</sup> Term)
  - Trevor Zacharias (2<sup>nd</sup> Term)

The members were instructed to vote for Elders with the ballot they had received when they registered for the meeting. They were instructed to vote for each Elder they wished to select. It was explained that an Elder required a simple majority of the ballots cast to be elected. The ballots were collected by the tellers.

**Nominations for the Nominating Committee for 2019/2020** – Carol Miller, Marlene Quiring, and Al Weber.

**Moved/Seconded** that the ballots for the Nominating Committee vote be waived and that the nominees be declared elected. There was opposition to this motion and the motion was denied. A ballot was distributed for this election.

8. **The Story of God's Provision: Report of the Treasurer** – Blair Cooper, Treasurer for FAC, reported on the 2017/2018 fiscal year with commentary elaborating on the Audited Financial Statements included in the Annual Report. Blair indicated that each month he is so thankful for what God is doing at FAC. Blair identified the change to our financial position due to the sale of the land. The majority of this gain went to paying down the debt and a portion of the monies was used to enhance the FAC video system. He indicated

that expenses were kept in line by the Lead Team. Blair indicated that there was a surplus this year. Some of the surplus funds have been allocated to the debt-reduction program. This was in line with one of the 'M' goals to pay off the debt within 3 years. He stated that there was a 49% debt-reduction this year due to land sale and surplus. It was indicated that The Exchange Church is now in their 3<sup>rd</sup> year and is doing well.

Blair provided an explanation of the deficit for the Care Fund due to the arrival of refugees who are being funded by FAC. These costs were expected once it was identified that the approval was granted by the Government for these refugees.

The auditors KPMG stated that the financial statements provided were easy to review and information was readily available. The audited statements were approved by the Board. The treasurer concluded his comments and invited questions.

- 9. Appointment of the Auditors for the period of July 1, 2018-June 30, 2019 – Moved/Seconded** that the public accounting firm KPMG LLP be appointed as auditors for the period of July 1, 2018 to June 30, 2019. **CARRIED**

- 10. The report from the Tellers** – was delivered to the Chair. Dave Orr reported that 214 ballots were cast. All 6 elders received a majority of votes cast and were declared elected. Dave Orr reported that 212 ballots were cast for the Nominating Committee members and all were declared approved.

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

### **Second Segment**

- 1. Ministry Story of 2017/2018** – Pastor James Paton presented an overview of the information mentioned in the sermon during the weekend services which was the successes and thankfulness of the ministry at FAC during the past year. He acknowledged those staff who had left during the past year. James asked a number of staff to provide stories from the past year. James finished this portion by sharing Ephesians 3:20 and how it tells us that we need to be digging deeper in our actions to bring glory for the Kingdom.
- 2. Glenmore Christian Academy Report** – Cheryl Miller, Chair of GCA, provided highlights of the activities at GCA. Cheryl thanked Doug Holt, Dave Orr, and Jonathan Klein for their services on the Board for the past year. She indicated that the Government of Alberta had brought in new policies for schools and that GCA had complied with the new policies. Cheryl provided a brief history of how GCA came into existence, starting out with 66 students in 1980. The school moved into Dr. Oakley School and in 1991 a piece of property was purchased where the existing GCA facility now sits. The construction of the original facility took 6 months and now supports 900 students. The purpose statement of GCA is Experience Christ, Serve through Love.
- 3. Questions and Answers** – Dave Orr invited questions from the membership. Several questions were asked and were responded to by Pastor James and Dave.
- 4. Prayer Time** – There was a time of congregational prayer.
- 5. Adjournment – Moved/Seconded** that the meeting be adjourned. **CARRIED.** The meeting adjourned at 8:44 pm with an invitation for the members to stay for a time of fellowship and dessert.
- 6. Closing Prayer** – Dave Orr closed the evening in prayer.

Respectfully submitted,

*Dave Orr*  
Chairman, Board of Elders

*Stephen Buszowski*  
Secretary, Board of Elders

# Minutes

## Congregational Meeting of First Alliance Church Constitution & Bylaws Update Sunday, December 2, 2018 12345 40 Street SE Calgary, AB

1. **Call to Order** – Dave Orr called the meeting to order at 6:38 pm. The purpose of the meeting was to review and approve the recommended updates to the Constitution and Bylaws of the Church.
2. **Opening Prayer** – Dave Orr opened the meeting in prayer
3. **Confirmation of Quorum** – The registration assistant advised that there were more than 50 members present and therefore the meeting was duly constituted. The final number of registered members including proxies was 191.
4. **Approval of Agenda** – Dave Orr reviewed the agenda matters placed before the members. **Moved/Seconded** that the agenda be adopted. **CARRIED**
5. **Appointment of Tellers** – **Moved/Seconded** that Paul Frederick be appointed as Head Teller and that he be authorized to recruit assistants as required. **CARRIED**
6. **Background of Constitution & Bylaws Updates** – Both Dave Orr and Jake Bueckert, Chairman of the Governance Committee, provided a brief history of the triggers which led to the amendments to the constitution and bylaws, and the process of rewriting both documents which included the alignment of the Church documents to those of the national office of The Christian and Missionary Alliance of Canada and the Western Canadian District.
7. **Summary of Key Changes** – Dave guided the members through the summary of each impacted article expressed in the Summary of Proposed Constitution and Bylaws Updates in the handout provided to the members.
8. **Motion #1** – Dave Orr read the 1<sup>st</sup> motion: “Be it resolved that the current Church Constitution of First Alliance Church of The Christian and Missionary Alliance be repealed and replaced by the Constitution dated December 2, 2018.” **Moved/Seconded**

Following a period of questions and comments from members of the Church, and responses provided by Dave, Jake, Pastor James Paton, and John Siebring, ballots were cast.

Tellers' report: Total ballots counted was 186 with 156 votes in favour of the motion or 84% in favour. **CARRIED**

9. **Motion #2** – Dave Orr presented the 2<sup>nd</sup> motion: “Be it resolved that the current Bylaws of First Alliance Church of The Christian and Missionary Alliance be repealed and replaced by the Bylaws dated December 2, 2018.” **Moved/Seconded**

Following a brief period for questions on the Bylaws, Dave Orr led the members in a period of small group prayer.

Teller's Report: Total ballots counted was 190 with 181 for the motion, and 9 against or 95% in favour.

**CARRIED**

**10. Motion/Seconded** that the ballots be destroyed. **CARRIED**

**11. Adjournment – Moved/Seconded** that the meeting be adjourned. **CARRIED**

**12. Closing Prayer** – Pastor James closed the evening in prayer and the meeting was adjourned at 8:04 pm.

Submitted by,

*Dave Orr*

Chairman of the Board of Elders



**TOP-BOTTOM:** 2018 fall kick-off with the "Over the F.E.N.C.E." series; celebrating the joy of baptisms; people enjoying cultural food and music at the 2<sup>nd</sup> annual FAC International Street Festival (Gym).

# Report of the Nominating Committee

## Nominations for the Board of Elders for 2019-2020

### Elders Mid Term – Serving to Fall 2020:

Blair Cooper (2<sup>nd</sup> Term)  
 Daniel Hui (1<sup>st</sup> Term)  
 Marinus Hus (3<sup>rd</sup> Term)  
 Adam Kenny (1<sup>st</sup> Term)  
 Dave Orr (3<sup>rd</sup> Term)

*\*Elders can serve a maximum of  
 3 consecutive 2-year terms.*

### Elders who have completed 3 consecutive 2-year terms:

Steve Buszowski  
 Dale Dyck  
 Greg Shumlich

### Resignation:

Trevor Zacharias (*moved*)

### After a thorough, prayerful process the Committee recommends the following names be placed in nomination for a 2-year term commencing Fall 2019\*\*:

Samuel Acquah (1 <sup>st</sup> Term)	Brian Hargreaves (1 <sup>st</sup> Term)
Phil Bauer (1 <sup>st</sup> Term)	Brent Kinnie (3 <sup>rd</sup> term)
Barry Branston (2 <sup>nd</sup> term)	Victor Wong (2 <sup>nd</sup> term)
Brad Emery (1 <sup>st</sup> Term)	

### Nominating Committee Members:

Pastor James Paton (Chairman)  
 Steve Buszowski, Adam Kenny, Greg Shumlich, Carol Miller, Marlene Quiring, Al Weber

***Provision is made for the addition of names to the Report of the Nominating Committee in Article V of the Church Bylaws.***

#### ***Article V – Elders***

*The Nominating Committee shall be comprised of seven (7) members including the Chair. The Nominating Committee shall follow due process to identify and nominate members for vacant positions of the Board and the following year's Nominating Committee. Any Church Member may submit a name to the Nominating Committee for consideration by providing such name in writing to the Chair of the Nominating Committee by June 30 of each year.*

### Nominations for the 2020-2021 Nominating Committee\*\*:

Barb de Bruyn  
 Tracey Dyck  
 Heather Hair

*\*\*Personal profiles for nominated Elders and Nominating Committee available on pages 10-12.*

# Profiles of Nominated Elders

## for a 2-year term commencing Fall 2019

### Samuel Acquah



Samuel is a husband to Sally, and blessed with a son. They've been attending FAC since 2016. Samuel's desire is to be an instrument in God's hand and house. He currently serves on a worship team, is part of the choir, prayer teams, and occasionally ministers at Alpha. Samuel is a Behaviour Specialist and enjoys contributing to the mental well-being of families/children/adolescents. Samuel enjoys time with family, travelling, and watching movies in his free time.

### Phil Bauer



Phil is married to Helga and they are parents to 4 wonderful children, 3 on earth and 1 in heaven. A son-in-law and daughter-in-law have also been welcomed to the family. They have attended FAC for 27 years. Currently, Phil is serving as a small group leader and together they participate in After-Service Prayer and help facilitate Grief Support. They're also frequently seen together serving in Harvest Ministries. Phil and Helga are supporters of Compassion Canada and Children of Hope, both of which are committed to the spiritual and physical nurturing of less fortunate children and youth. Recently Phil has become a volunteer at a local non-profit organization, The Doorway, assisting youth in transitioning from street life culture to mainstream culture. Professionally, Phil is employed by Edward Jones Investments assisting individuals in funding their legacy goals. He is a Chartered Life Underwriter and a Certified Financial Planner. Personally he enjoys watching and playing sports, mostly hockey and golf, tries to stay fit by jogging and cycling, and has been seen enjoying God's creation on a motorcycle.

### Barry Branston



Barry and Sharon have been married for 28 years and have attended FAC since moving from Ontario in 1991. They have 1 married son, Ryan and daughter-in-law Megan. Barry has been a small group leader for many years and is involved in the Men@First men's ministry. Barry works in the area of pipeline regulation and, when not working, enjoys staying active by biking, hiking, and playing hockey.

### Brad Emery



Brad has been attending FAC since the mid 1990's. He has been married to his wife, Janelle, for over 15 years and they have 2 amazing children in grades 2 and 5. Over the years, Brad has served in various capacities at FAC including DiscoveryLand children's ministry, finance team, and as a small group leader. He has a particular passion for the dramatic arts and has played the role of a variety of characters in weekend services, Christmas productions and Spring Dinner Theatre. Outside of FAC, Brad has spent his entire career in public education, currently working as a principal in a local elementary school. He enjoys spending time with family, hanging out in the mountains, playing board games, and reading.

### **Brian Hargreaves**



Brian and his wife Angela have been married for 16 years. They have 2 incredible children who are 13 and 10 years old. Brian has attended FAC since 1979, and Angela has been attending since 1999. Brian has served in various roles at FAC over the years, including in the nursery, DiscoveryLand, as a high school youth sponsor, and in many other capacities. He is currently volunteering as part of FAC's Adoption and Foster Care ministry. Brian is a geophysicist, and enjoys leading and coaching people in his current role. Away from work, Brian enjoys spending time with his family, walking the family dog, coaching football, and spending time outdoors.

### **Brent Kinnie**



Brent has been attending FAC for more than 40 years. Over that time, Brent and his family have been greatly blessed through this church, and he considers it to be a gift in his life for which he is truly grateful. Brent has enjoyed serving in many different ministries over the years. It's through serving that he has developed a passion for this church, desiring it be a church that reaches the lost in our city, and one that helps followers of Christ become fully mature in their relationship with Him. Brent has previously served on the Board of Elders from 2008-2014 and then re-joined the Board again in 2016 and will now be entering his 3<sup>rd</sup> 2-year term. Brent feels so blessed and privileged to have been able to serve on the Board of Elders and looks forward to continuing to serve in this capacity again.

### **Victor Wong**



Victor is married to Karen and they have 2 daughters, Tamara and Julia. The family began attending FAC in 2001, and he currently serves in the choir and prayer ministry. Victor is a transferee from Montreal with CP Railway and continues to be employed with CP as the Assistant Vice President of Tax. Victor enjoys fishing, food, and photography.

# 2020-2021 Nominating Committee

## Nomination Profiles

*After a thorough, prayerful process the Nominating Committee recommends the following names be placed in nomination to serve on the Nominating Committee for a 1-year term commencing Fall 2019:*

### **Barb de Bruyn**

Barbara de Bruyn has been attending First Alliance Church since the late 70's and is privileged to call FAC her church home! She has been married to Eric de Bruyn for the past 13 years. While her job history has been quite varied, music has been the connecting thread – from playing horn with the Okanagan Symphony to teaching band and other subjects with the Calgary Board of Education to her current role as the Administrative Assistant of Ambrose Arts at Ambrose University.

Barb has been involved in music at FAC playing horn in the orchestra and for the many Christmas productions but has since branched out to be working with the Women2Women ministry as a table leader. She also plays with the Ambrose Chamber Orchestra and Maple Leaf Brass and freelances with many other musical groups. In her spare time she likes to quilt, read, and cross-stitch.

### **Tracey Dyck**

Tracey (Klassen) Dyck first came to FAC in 1976 as a young person, and was involved in the youth program where she developed friendships that remain to this day. She was away for a number of years attending another local church and beginning a career where she enjoyed numerous years as a Dental and Orthodontic Assistant.

In 1998, Tracey returned to FAC where she soon met and was married to Steven Dyck. Together, they have 5 children, having home schooled some of them along the way. She spent many years serving in Discoveryland, Harvest Ministries and Women's Ministries, and is currently volunteering in the Library. Tracey loves gardening, calligraphy and spending time with family and friends.

### **Heather Hair**

Heather currently is the Executive Director of the Emergency Strategic Clinical Network (SCN™) within Alberta Health Services since 2013. Heather lives with her husband Jamie of 34 years near Bragg Creek. She is a mother to 3 awesome boys. Heather has attended FAC for 6<sup>1/2</sup> years, being a committed member for the past 5 years. Her involvement has included leading a Bible study small group, bringing small groups to Alpha House to serve in the kitchen, and international missions through FAC with the primary focus on healthcare including teaching, consulting, and hands-on care in Menoff Egypt Christian Hospital. Heather has also taught sexually transmitted disease awareness to staff in Thailand. She is currently planning on travelling to Peru to medically support the Canadian Alliance Eastern Division missions trip.

# Commentary on Financial Results

## First Alliance Church of The Christian and Missionary Alliance For the Year Ended June 30, 2019

*(All references to dollar amounts are \$ thousands unless otherwise noted)*

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, 2019. It should be read in conjunction with the audited financial statements, notes, and schedules dated September 23, 2019. Note: unless otherwise noted, reference to dollar amounts in this Commentary are \$ thousands.

### Financial Highlights

Total revenues were up \$118 to \$9,419. Total expenses increased 7.0% or \$627 to \$9,477. Breakdown of revenue and expense are shown below:

	(\$ thousands)	
<b>Revenue</b>	<b>2019</b>	<b>2018</b>
General Fund	6,355	6,338
The Exchange Church	621	473
Capital Fund	846	977
Missions Fund	1,252	1,212
Care Fund	345	301
<b>TOTAL</b>	<b>9,419</b>	<b>9,301</b>

<b>Expenses</b>	<b>2019</b>	<b>2018</b>
Staff	4,166	3,879
Ministry Costs	1,072	1,100
Support Costs	938	955
The Exchange Church	581	461
Capital	1,034	1,002
Missions	1,269	1,156
Care Fund	417	297
<b>TOTAL</b>	<b>9,477</b>	<b>8,850</b>

*Commentary continued on next page ...*

## Giving Support

Overall, donations increased by 3% or \$261 to \$8,319 despite the fact that our overall attendance has decreased slightly from the previous year. Following is a breakdown of donations to FAC's major funds:

- **General Fund** giving was up by 3.5% or \$177 to \$5,280.
- **Capital Fund** giving was down 13%, or \$120 to \$835 primarily due to the wind-up of the "All For Jesus" building expansion campaign in 2018.
- **Missions Fund** giving increased by 2.9%, or \$35 to \$1,245. (Undesignated giving to Missions decreased 1.1% or \$4.)
- **Care Fund** giving increased 15% or \$44 over the previous year to \$345.

## General Fund Highlights

The General Fund ended the year with a \$178 surplus; this compares to the previous year's surplus of \$404. Staff costs increased by \$287 in 2019 (compared to a \$256 reduction in 2018).

## Care Fund Highlights

Though the giving was up 15% in the Care Fund, the Fund ended the year with a deficit of \$71. Total expenses for the year increased by 40% or \$199 to \$417. Costs incurred in our refugee program doubled in the year from \$64 to \$126.

## Summary

First Alliance Church, God's providence is faithful, steadfast and generous. As a church body, our financial position over the past year has remained strong enabling us to move forward with many initiatives to support the 4 M's knowing God is with us and before us. Thank you for your faithful giving of resources, time, and prayers as we share to the good news of God's grace and love.

Respectfully submitted,

*Blair Cooper*  
Treasurer

Non-Consolidated Financial Statements of

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

And Independent Auditor's Report thereon

Year ended June 30, 2019



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## INDEPENDENT AUDITORS' REPORT

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

### **Opinion**

We have audited the non-consolidated financial statements of First Alliance Church of the Christian and Missionary Alliance (the Entity) which comprise:

- The non-consolidated statement of financial position as at June 30, 2019
- the non-consolidated statements of operations and changes in fund balances for the year then ended
- the non-consolidated statement of cash flows for the year then ended
- and notes to the non-consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at June 30, 2019, and its non-consolidated results of operations and its non-consolidated cash flows for the year then ended in accordance with Canadian Accounting standards for not-for-profit organizations.

### **Basis for Opinion**

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 auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.



We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada

September 23, 2019

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The non-consolidated financial statements of First Alliance Church of the Christian and 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.



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James Paton  
Lead Pastor



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Blair Cooper  
General Treasurer

Calgary, Canada

September 23, 2019

# FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Non-Consolidated Statement of Financial Position

June 30, 2019, with comparative information for 2018

	General Fund	Restricted funds				Total 2019	Total 2018
		Missions Fund	Capital Fund	Care Fund	The Exchange		
<b>Assets</b>							
Current assets:							
Cash and cash equivalents (note 2)	\$ 782,474	\$ 159,568	\$ 158,042	\$ 96,637	\$ 1,462,365	\$ 1,162,825	
Accounts receivable (note 3)	128,312	—	872	—	131,920	226,435	
Prepaid expenses	58,577	500	—	—	65,920	63,667	
Inventory	99,952	—	—	—	99,952	104,277	
	<u>1,069,315</u>	<u>160,068</u>	<u>158,914</u>	<u>96,637</u>	<u>1,760,157</u>	<u>1,557,204</u>	
Employee loan (note 4)	100,000	—	—	—	100,000	100,000	
Capital assets (note 5)	—	—	28,736,954	—	28,798,405	29,621,888	
	<u>\$ 1,169,315</u>	<u>\$ 160,068</u>	<u>\$ 28,895,868</u>	<u>\$ 96,637</u>	<u>\$ 30,658,562</u>	<u>\$ 31,279,092</u>	
<b>Liabilities and Fund Balances</b>							
Current liabilities:							
Accounts payable and accrued liabilities	\$ 265,100	\$ 103,711	\$ 7,832	\$ 1,918	\$ 395,825	\$ 541,207	
Deferred revenue (note 6)	48,503	—	—	—	48,503	37,030	
Demand loans (note 7)	—	—	2,307,677	—	2,307,677	2,736,720	
	<u>313,603</u>	<u>103,711</u>	<u>2,315,509</u>	<u>1,918</u>	<u>2,752,005</u>	<u>3,314,957</u>	
Fund balances:							
Unrestricted	355,712	56,357	51,082	94,719	815,829	441,967	
Internally restricted	500,000	—	100,000	—	600,000	637,000	
Invested in capital assets	—	—	26,429,277	—	26,490,728	26,885,168	
	<u>855,712</u>	<u>56,357</u>	<u>26,580,359</u>	<u>94,719</u>	<u>27,906,557</u>	<u>27,964,135</u>	
Commitments (note 8)							
Subsequent event (note 11)							
	<u>\$ 1,169,315</u>	<u>\$ 160,068</u>	<u>\$ 28,895,868</u>	<u>\$ 96,637</u>	<u>\$ 30,658,562</u>	<u>\$ 31,279,092</u>	

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, 2019, with comparative information for 2018

	General Fund		Restricted Funds				Total 2018
	2019	2018	Missions Fund	Capital Fund	Care Fund	The Exchange	
<b>Revenues:</b>							
Offerings							
General	\$ 5,279,743	\$ 5,102,365	\$ 915,985	\$ 318,254	\$ 305,599	\$ 598,649	\$ 2,138,487
Designated	—	—	329,287	516,381	39,630	15,232	900,530
Earned revenues and recoveries (Schedule 1)	1,075,195	1,235,641	6,595	—	—	7,228	13,823
Gain on disposal of assets	—	—	—	11,576	—	—	11,576
	6,354,938	6,338,006	1,251,867	846,211	345,229	621,109	3,064,416
							2,963,315
<b>Expenses (Schedules 1 and 2):</b>							
Staff costs	4,165,918	3,879,243	—	—	—	244,980	244,980
Ministry costs	1,072,304	1,099,641	1,268,476	—	416,644	51,289	1,736,409
Support costs	938,264	955,264	—	117,845	—	262,659	380,504
Amortization	—	—	—	916,225	—	22,328	938,553
	6,176,486	5,934,148	1,268,476	1,034,070	416,644	581,256	3,300,446
							2,916,272
<b>Excess (deficiency) of revenues over expenses</b>	178,452	403,858	(16,609)	(187,859)	(71,415)	39,853	(236,030)
<b>Fund balances, beginning of year</b>	677,260	854,402	72,966	26,768,218	166,134	279,557	27,286,875
<b>Interfund transfers</b>	—	(581,000)	—	—	—	—	—
	\$ 855,712	\$ 677,260	\$ 56,357	\$ 26,580,359	\$ 94,719	\$ 319,410	\$ 27,050,945
<b>Fund balances, end of year</b>							\$ 27,286,875

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, 2019, with comparative information for 2018

	General Fund		Restricted Funds				Total 2019	Total 2018
	2019	2018	Missions Fund	Capital Fund	Care Fund	The Exchange		
Cash provided by (used in):								
Operating activities:								
Offerings:								
General	\$ 5,279,743	\$ 5,102,365	\$ 915,985	\$ 318,254	\$ 305,599	\$ 598,649	\$ 2,138,487	\$ 2,037,313
Designated	-	-	329,287	516,381	39,630	15,232	900,530	918,052
Earned revenues and recoveries	1,165,768	1,076,094	6,595	-	-	7,228	13,823	4,250
Staff costs	(4,169,757)	(3,841,443)	-	-	-	(244,662)	(244,662)	(171,281)
Ministry costs	(1,063,368)	(1,108,191)	(1,301,026)	-	(426,791)	(43,905)	(1,771,722)	(1,508,809)
Support costs	(930,212)	(952,090)	-	(119,284)	-	(269,568)	(388,852)	(349,099)
	282,174	276,735	(49,159)	715,351	(81,562)	62,974	647,604	930,426
Investments:								
Purchase of capital assets	-	-	-	(210,947)	-	(4,376)	(215,323)	(836,821)
Proceeds on disposal of capital assets	-	-	-	14,128	-	-	14,128	3,700
Financing:								
Loan payments	-	-	-	(196,819)	-	(4,376)	(201,195)	(833,121)
Interfund transfers	-	(581,000)	-	(429,043)	-	-	(429,043)	(2,613,061)
	-	(581,000)	-	(429,043)	-	-	(429,043)	(2,032,061)
Increase (decrease) in cash and cash equivalents	282,174	(304,265)	(49,159)	89,489	(81,562)	58,598	17,366	(1,934,756)
Cash and cash equivalents, beginning of year	500,300	804,565	208,727	68,553	178,199	207,046	662,525	2,597,281
Cash and cash equivalents, end of year	\$ 782,474	\$ 500,300	\$ 159,568	\$ 158,042	\$ 96,637	\$ 265,644	\$ 679,891	\$ 662,525

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, 2019, with comparative information for 2018

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## 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 caused 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, 2019, with comparative information for 2018

## 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.

The Exchange reports the assets, liabilities, revenues and expenses related to the Church's Exchange Church program.

### (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, 2019, with comparative information for 2018

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## 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, and 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, 2019, with comparative information for 2018

## 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.

	2019	2018
Cash (overdraft) on deposit	\$ 529,176	\$ (37,175)
Investment certificates	933,189	1,200,000
	<u>\$ 1,462,365</u>	<u>\$ 1,162,825</u>

The rate of return on cash and cash equivalents for the year was 3.45% (2018 – 2.95%).

# FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Notes to non-consolidated financial statements, page 5

Year ended June 30, 2019, with comparative information for 2018

### 3. Accounts receivable:

Included in accounts receivable is goods and services tax ("GST") recoverable of \$18,137 (2018 – \$33,552).

### 4. Employee loan:

	2019	2018
The 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 loan 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 of being called the loan will bear interest at the bank's prime rate plus 8%	\$ 100,000	\$ 100,000
	\$ 100,000	\$ 100,000

### 5. Capital assets:

			2019	2018
	Cost	Accumulated amortization	Net book value	Net book value
Deerfoot campus				
Land	\$ 4,617,440	\$ –	\$ 4,617,440	\$ 4,617,440
Building	29,061,989	6,612,548	22,449,441	23,022,357
Computer equipment	874,241	607,086	267,155	353,034
Furniture and equipment	2,405,898	1,297,659	1,108,239	1,241,043
Parking lot	353,232	58,553	294,679	308,809
	37,312,800	8,575,846	28,736,954	29,542,683
The Exchange				
Computer equipment	77,001	42,625	34,376	49,402
Furniture and equipment	35,882	8,807	27,075	29,803
	112,883	51,432	61,451	79,205
	\$ 37,425,683	\$ 8,627,278	\$ 28,798,405	\$ 29,621,888

# FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Notes to non-consolidated financial statements, page 6

Year ended June 30, 2019, with comparative information for 2018

## 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	\$ 10,950	\$ 54,508	\$ 50,903	\$ 14,555
Events registrations	2,395	87,810	84,572	5,633
Summer camp registration	23,685	28,569	23,939	28,315
	\$ 37,030	\$ 170,887	\$ 159,414	\$ 48,503

## 7. Demand loans:

	2019	2018
Non-revolving demand term facility loan bearing interest at the bank's prime rate plus 0.50% per annum and repayable in blended monthly payments of \$45,000. The loan matures on March 6, 2020	\$ 2,307,677	\$ 2,736,720
	\$ 2,307,677	\$ 2,736,720

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, 2019, \$nil (2018 – \$25,862) 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, 2019, \$25,593 (2018 – \$14,448) 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.

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.

# FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Notes to non-consolidated financial statements, page 7

Year ended June 30, 2019, with comparative information for 2018

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## 7. Demand loans (continued):

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, 2019, the Church was in compliance with these requirements.

During the year the Church paid \$109,518 (2018 – \$133,325) 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 June 30, 2019, the Church has committed to \$84,720 in sponsorship funds, of which \$44,350 have been used.

# FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Notes to non-consolidated financial statements, page 8

Year ended June 30, 2019, with comparative information for 2018

## 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.

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 tables below are shown in \$000's):

	2018	2017
<b>Financial position:</b>		
Total assets	\$ 20,083	\$ 19,873
Total liabilities	5,291	6,445
Total net assets	14,792	13,428
	\$ 20,083	\$ 19,873
<b>Results of operations</b>		
Total revenues	\$ 11,339	\$ 10,770
Total expenses	9,975	9,601
Excess of revenues over expenses	\$ 1,364	\$ 1,169

	2018	2017
<b>Cash flows</b>		
Cash from operations	\$ 2,005	\$ 1,983
Cash used in investing activities	(337)	(351)
Cash used in financing activities	(1,284)	(886)
	\$ 384	\$ 746

Unlike the Church, the Society follows the deferral method of accounting for which restricted 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.

# FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Notes to non-consolidated financial statements, page 9

Year ended June 30, 2019, with comparative information for 2018

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## 9. Controlled entity (continued):

The resources of the Society are restricted in that \$330,000 (2017 – \$240,005) of funds are restricted for specific projects. In addition, as part of the Society's facility agreement, the long-term debt of \$1,028,511 (2017 – demand loan of \$2,317,946) 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. Related parties:

During the year, the Church entered into transactions with related parties, which consist of companies related to a member of the Board of Elders. Included in expenses is \$21,368 (2018 - \$63,685) paid to RGO Flooring Ltd. for offices supplies and furnishings. Of the total \$nil (2018 - \$nil) was recorded in accounts payable at year-end. The transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

## 11. Subsequent event:

Subsequent to the year end, the Church has entered into a rental agreement with the Glenmore Christian Academy Educational Society (the "Society") for its SW Campus, starting September 1, 2019 and ending August 31, 2020. The Church will have an exclusive access to the theatre, theatre foyer, cafeteria, west gym and other rooms on Sundays. The agreement will automatically renew annually, until terminated by either party with a written notice. Part of the agreement requires the Church and the Society to purchase certain equipment and the cost of this equipment will be shared equally. If the agreement is terminated by the Society, the book value of the equipment paid by the Church will be charged back to the Society.

# FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Notes to non-consolidated financial statements, page 10

Year ended June 30, 2019, with comparative information for 2018

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## 12. 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 and cash equivalents is minimized substantially by ensuring that these instruments are held with Canadian 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.

#### (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 current demand loan facility is at a variable rate of interest.

#### (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.

# FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Notes to non-consolidated financial statements, page 11

Year ended June 30, 2019, with comparative information for 2018

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## 12. Financial instruments (continued):

### (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.

There have been no changes to risk exposures from 2018.

# FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

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

Year ended June 30, 2019, with comparative figures for 2018

	2019		2018	
	Expenses	Earned Revenues and Recoveries	Expenses	Earned Revenues and Recoveries
<b>Staff costs</b>				
Employee benefits	\$ 372,507	\$ -	\$ 336,585	\$ -
Retirement funds	142,100	-	128,013	-
Salaries	3,651,311	-	3,414,645	18,277
	<b>\$ 4,165,918</b>	<b>\$ -</b>	<b>\$ 3,879,243</b>	<b>\$ 18,277</b>
<b>Ministry costs*</b>				
Children's ministries	\$ 66,253	\$ 16,041	\$ 62,751	\$ 16,841
Communications and events	123,722	35,852	119,067	37,488
Community impact	5,195	835	33,918	456
Congregational care	8,348	-	6,619	380
Family and marriage	38,840	26,205	37,032	24,411
Global impact	11,607	20	14,185	60
Harvest ministries	368,745	396,157	367,407	491,592
Leadership development	10,633	610	4,795	-
Library and resource centre	106,216	143,470	121,303	163,201
Life connection	55,942	35,453	55,080	34,039
Life development	72,357	6,246	65,213	6,282
Student's ministries	48,955	14,118	68,380	33,734
Technical arts	30,729	95	31,728	-
Worship arts	124,762	86,958	112,163	82,669
	<b>\$ 1,072,304</b>	<b>\$ 762,060</b>	<b>\$ 1,099,641</b>	<b>\$ 891,153</b>
<b>Support costs*</b>				
C. & M. A. district operating	\$ 156,621	\$ -	\$ 151,713	\$ -
Finance	111,484	-	108,156	-
Maintenance and repairs	195,265	-	259,924	-
Office administration	25,105	-	28,714	-
Pastoral administration	200,695	-	197,589	-
Rental and other revenues	-	313,135	-	326,211
Utilities	249,094	-	209,168	-
	<b>\$ 938,264</b>	<b>\$ 313,135</b>	<b>\$ 955,264</b>	<b>\$ 326,211</b>
<b>Grand total</b>	<b>\$ 6,176,486</b>	<b>\$ 1,075,195</b>	<b>\$ 5,934,148</b>	<b>\$ 1,235,641</b>

\* 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, 2019, with comparative figures for 2018

	Undesignated	Donor Designated	2019 Total
Alliance foreign missions	\$ 735,000	\$ 119,118	\$ 854,118
Alliance home missions	27,000	1,020	28,020
Ambrose University and other colleges, seminaries	14,000	1,652	15,652
Camp Chamisall	14,000	8,918	22,918
Commissioned missionaries	41,740	60,560	102,300
Other Christian organizations	—	8,894	8,894
Short-term missions	33,486	169,924	203,410
Sundry and administration charges	32,187	977	33,164
	<u>\$ 897,413</u>	<u>\$ 371,063</u>	<u>\$ 1,268,476</u>

	Undesignated	Donor Designated	2018 Total
Alliance foreign missions	\$ 665,595	\$ 128,888	\$ 794,483
Alliance home missions	24,750	1,020	25,770
Ambrose University and other colleges, seminaries	12,375	1,444	13,819
Camp Chamisall	12,375	9,570	21,945
Commissioned missionaries	38,280	57,158	95,438
Other Christian organizations	52,500	9,296	61,796
Short-term missions	11,791	111,395	123,186
Sundry and administration charges	18,305	1,234	19,539
	<u>\$ 835,971</u>	<u>\$ 320,005</u>	<u>\$ 1,155,976</u>





*“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**  
*the love and message of Jesus  
wherever He places us.*



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