



Building lives that honour God.



Annual **REPORT**

JULY 1, 2020-JUNE 30, 2021

Annual Report First Printing: November 3, 2021
Design & Layout: Deon Watson | Content & Editing: Cathie Hall



Deerfoot Campus

12345 40 Street SE
Calgary, Alberta T2Z 4E6
Phone 403-252-7572
Fax 403-252-6315

Southwest Campus

16520 24 Street SW
Calgary, Alberta
T2Y 4W2

info@faccalgary.com **faccalgary.com**

Table of Contents

2021 AGM Agenda	1
A Note from Pastor James Paton	2
Reflections from our Board of Elders	3
2020 AGM Minutes	4
Report of the Nominating Committee	8
Treasurer's Commentary on the Financial Results	12
Audited Financial Statements	14

Agenda

Annual General Meeting of First Alliance Church Sunday, November 21, 2021

First Segment

1. Meeting called to Order
2. Opening Prayer
3. Declaration of Quorum based on Report from Registration Secretary
4. Approval of Agenda
5. Minutes of the Annual General Meeting of Sunday, October 25, 2020
6. Motion to Appoint Tellers for Annual General Meeting
7. Report of the Nominating Committee for 2021/2022
8. Election of Elders
9. Election of the Nominating Committee for 2022/2023
10. The Story of God's Provision
 - a. Report of the Treasurer
 - b. Appointment of the Auditors for the fiscal period of July 1, 2021 to June 30, 2022

Second Segment

1. Report on Ministry
 - a. Glenmore Christian Academy Report
 - b. Ministry Story of 2020/2021
2. Question and Answer Session
3. Closing Comments/Closing Prayer



A Note From Pastor James



We've often used M words at FAC and we have some more to add to the list; specifically, "multi" words: multicultural, multi-generational, multi-campus, multi-service, multi-venue. I hope you can be present at our vision weekend and Annual General Meeting, to learn more of where we sense God calling us.

There is much we do not yet know. We are committed to learn and discover. For while many things have changed we still have the same mission: **Building lives that honour God ... all for Jesus!** We are in this for the long haul. And so we look to Jesus. We read in Hebrews:

Who could have imagined that the pandemic would continue to have the impact it has? At a personal level our lives have been changed. We have lost out on many things and experienced all sorts of heartache. Together, as an expression of the Body of Christ, we recognise our challenges. What a powerful moment we had recently at our **Sacred Sorrow** weekend services.

Even in the ongoing situation, COVID has also been a ministry accelerant. Opportunities to build relationships have emerged on the east side of the city, born out of faithfully serving and generously loving others. Our **Online Campus** has become an innovation lab not only for FAC but churches across the country. Even drive-in services taught us how to keep a rickety stage from flying through the air!

Now, here we are, living in the hybrid world of online and in-person ministries. We have learned how be more efficient, how to do more with less, and most importantly, how to trust in Jesus for all that is to come. Our 3 campuses each have a strong identity and sense of calling. Each campus has developed strategic and tactical plans that we can adapt as reality unfolds.

"Therefore, since we are surrounded by such a great cloud of witnesses, let us throw off everything that hinders and the sin that so easily entangles. And let us run with perseverance the race marked out for us, fixing our eyes on Jesus, the pioneer and perfecter of faith. For the joy set before Him He endured the cross, scorning its shame, and sat down at the right hand of the throne of God. Consider Him who endured such opposition from sinners, so that you will not grow weary and lose heart." (Hebrews 12:1-3, NIV)

I'm inviting you to join us in this race.

James Paton
Lead Pastor

Reflections from our Board of Elders

Written by Brent Kinnie, Chairman of the Board of Elders

It would be easy to look back over the past year and feel that COVID was the main focus. In many ways that would be true. It is the topic that has dominated most of our conversations. It is in the news every day. It has created an anxiety that has worked its way into who we are as a society. It feels like it comes into play in every decision we make. However, this past year has been so much more than COVID, and despite all the challenges that COVID has brought, we truly have much to be thankful for.

This was a strange year. In a year where we were closed to in-person gatherings from November right up until this past July, I am so thankful for technology. I am thankful that technology allowed us the ability to continue to meet virtually through our Online Campus that has been led so well by Pastor Cory, our Online Campus Pastor. It was so amazing that we were able to meet in person at Easter, right at the time where there was a small window to open between COVID waves. Then, as we were finally able to meet again in person, I was struck by the sweet sense of enjoying the community of in-person gatherings. Never again will I take this for granted!

In many ways, COVID has highlighted how fully dependent we are on God. It can be so easy to become self-reliant during easier times, but God wants us to rely fully on Him. It has been a year of losses and missed opportunities. It has also been a year of experiencing the amazing love, grace, and provision provided by our faithful Lord. I believe it is important for us to look back on the past year and remind ourselves of this wonderful provision. Some of these highlights and areas of thankfulness include:

- Partnering with the Mustard Seed to house those less fortunate on our 3rd floor
- The further development of the Online Campus with a large reach on all platforms and the development of the broadcast hub
- The SW Campus is now 2 years old and continues to have a strong outreach to the surrounding communities despite the challenges of starting this new campus just before the pandemic began.

- Having a feeding program that allowed us to provide up to 1,500 lunches per week for those in need
- New International Workers being sent from our church
- Sponsoring refugees forced to flee from the most difficult of situations
- Ongoing strong finances and financial provision

All I can say is WOW! God is amazing! He is gracious. His love is never-ending. Let us never lose sight of this. Despite all the distractions that life brings, God's faithfulness never ceases.

I want to personally thank the staff at FAC. We are so fortunate to have staff who have sacrificed and worked tirelessly over the past year, being flexible and ready to change course at a moments notice. You truly are appreciated. Thank you to Pastor James and the Lead Team, for leading the staff so well. We are grateful. Continue to pray for your Pastor, the Lead Team, and the staff.



It has been a personal privilege to serve as a member of the Board of Elders over the past 6 years, with the last year serving as Chair. I have learned so much from those that I have had the opportunity to serve with over these past 6 years. The Board

is made up of an incredible group of godly, wise, and loving individuals who have been unified in their desire to see life change in God's people as He so lovingly works through FAC. We know that challenges continue. Difficult decisions are ever-present. Please join me in praying for these leaders as they strive to continually seek God's will and direction for His church.

"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, to him be the glory in the church and in Christ Jesus throughout all generations, for ever and ever! Amen." (Ephesians 3:20-21)

Minutes

Annual General Meeting of First Alliance Church

Sunday, October 25, 2020

12345 40 Street SE Calgary, AB

First Segment

1. **Call to Order 7:05 pm** – Dave Orr called the meeting to order and welcomed both in-person attendees and online viewers. The year past has been a different kind of year with both challenges and blessings. He extended appreciation to the staff for their commitment to safety and health while still presenting the gospel through the various activities of the church.
2. **Opening Prayer** – Dave Orr opened our evening 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 present was 148.
4. **Agenda** – Dave Orr reviewed the agenda as included in the Annual Report.
Moved/Seconded that the agenda be adopted. **CARRIED**
5. **Minutes – Moved/Seconded** that the minutes of the Annual General Meeting held on Monday, October 28, 2019 be adopted as circulated in the Annual Report with an amendment to item 9 (page 6) as follows; “Appointment of the Accountants for the period of July 1, 2019-June 30, 2020 – **Moved/Seconded** that the public accounting firm KPMG be appointed as accountants for the period July 1, 2019-June 30, 2020.” **CARRIED**
6. **Motion to Appoint Tellers – Moved/Seconded** that the Registration secretary appoint tellers for the purpose of collecting and counting ballots. **CARRIED**
7. **Report of the Nominating Committee for 2020/2021 (Elders)** – Pastor James, Chair of the Nominating Committee, read the report of the Nominating Committee. The nominees were:
 - Charles Ang (1st Term)
 - Blair Cooper (3rd Term)
 - Jeff Good (1st Term)
 - Daniel Hui (2nd Term)
 - Craig Jones (1st 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 2021/2022 – Jill Hopkins, Colleen Doerksen, and Tolu Solola.

8. **The Story of God’s Provision: Report of the Treasurer** – Blair Cooper, Treasurer for FAC, reported on the 2019/2020 fiscal year. Blair began his presentation with a word of prayer expressing thanks to God for

His continued provision throughout the challenges brought on by the COVID pandemic. Blair provided a summary commentary regarding the financial reporting contained in the Annual Report. The total revenue was down by 5% with an increase in the General Fund and a decrease in the Capital and Care Funds. However, expenses were also down resulting in a surplus compared to a deficit in the preceding fiscal year results.

Moved/Seconded that the public accounting firm KPMG LLP be appointed as accountants for the period July 1, 2020-June 30, 2021. **CARRIED**

9. Results of the ballot vote for elders and the nominating committee.

Dave Orr reported that 148 ballots were submitted regarding the election of elders. All 5 elders received a majority and therefore were declared elected.

Dave Orr reported that 144 ballots were submitted regarding the election of the nominating committee. All 3 nominees received a majority and therefore were declared elected.

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

Second Segment

1. Report on Ministry

a) Ministry Story of 2019/2020 – Pastor James provided an overview of ministry during the past year.

He acknowledged the contribution of staff who have left FAC and welcomed several new interim, part time and seasonal staff. Staff who volunteer their time were also extended appreciation.

He summarized the steps that had been taken to comply with procedures and restrictions due to COVID.

He advised that the process of considering Women as Elders at FAC has been put on hold and will be addressed later.

An update on the 3rd floor expansion at the Deerfoot campus was provided and the congregation was advised that the SW Campus had secured office space in the community of Bridlewood.

FAC is exploring partnerships with other churches, church planting and expansion opportunities on the East side of Calgary.

An overview highlighting the key components of the weekend VISION message was provided. Pastor James thanked the congregation for supporting him in prayer regarding his health challenges the past year.

He concluded by recognizing Dave Orr and Marinus Hus, both of who are concluding their service as elders having completed 3 successive terms.

b) Glenmore Christian Academy Report – Stan Hielema, GCA Head of School provided the update for GCA.

Stan thanked the congregation of FAC for their partnership in providing a Christian education opportunity for the past 40 years.

He reflected on some challenges the GCA and FAC families have shared together over the past year. GCA's theme verse for this year is from John 15:5 – *"I am the vine...apart from Me you can do nothing."*

He reported that GCA has had no COVID cases and that an online program is available for those who find that necessary.

Stan concluded by thanking Dave Orr (FAC elder) and Jon Caldwell (FAC staff) for their involvement on the GCA Board.

2. **Questions and Answers** – Dave Orr invited questions from the members. Several questions were asked and responded to by the staff.
3. **Closing Comments/Closing Prayer** – Dave Orr concluded the meeting by thanking Cathie Hall and Deon Watson for preparing the Annual Report and the presentation slides. He also acknowledged Ray and Dee Matheson for their lengthy ministry at FAC. Dave thanked the congregation for the opportunity to represent them as an elder and then as Chairman. He concluded by sharing some thoughts on an article entitled 'The Post COVID Church'.

Adjournment – Moved/Seconded the adjournment of the Annual Meeting. **CARRIED**

Pastor James closed the evening in prayer.

The meeting adjourned at 8:31 pm.

Respectfully submitted

Dave Orr
Chairman, Board of Elders

Phil Bauer
Acting Secretary, Board of Elders



TOP LEFT-BOTTOM: celebrating the joy of baptisms; 2021 fall kick-off; FAC Southwest Campus DiscoveryCamps.

Report of the Nominating Committee

Nominations for the Board of Elders for 2021-2022

Elders Serving to Fall 2022:

- Charles Ang (1st Term)
- Blair Cooper (3rd Term)
- Daniel Hui (2nd Term)
- Craig Jones (1st Term)

**Elders can serve a maximum of 3 consecutive 2-year terms and must sit out at least 1 year before being eligible to serve as an elder again.*

Elder who has completed 3 consecutive 2-year terms:

- Brent Kinnie

Resignations:

Samuel Acquah, Barry Branston, Jeff Good

After a thorough, prayerful process the Committee recommends the following names be placed in nomination for a 2-year term commencing Fall 2021**:

- Phil Bauer (2nd Term)
- Brad Emery (2nd Term)
- Brian Hargreaves (2nd Term)
- Etim Idorenyin (1st Term)
- Olumide Obafemi (1st Term)
- Dave Orr (1st Term)
- Jason Sawers (1st Term)
- Victor Wong (3rd Term)

Nominating Committee Members:

Pastor James Paton (Chairman)

Blair Cooper, Colleen Derksen, Jill Hopkins, Craig Jones, Tolu Solola

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 2022-2023 Nominating Committee**:

- Mora Bundy
- Rebecca Gifford
- Pam Jonasson

***Personal profiles for nominated Elders and Nominating Committee available on pages 9-10.*

Profiles of Nominated Elders for a 2-year term commencing Fall 2021

After a thorough, prayerful process the Committee recommends the following names be placed in nomination to serve on the Board of Elders for a 2-year term commencing Fall 2021:



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, daughter-in-law, and a precious grandson have also been welcomed to the family. They have attended FAC for 29 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.



Brad Emery

Brad has been attending FAC since the mid 1990's. He has been married to his wife Janelle, for 17 years and they have 2 amazing children in grades 4 and 7. Over the years, Brad has served in various capacities at FAC including finance team, DiscoveryLand children's ministry, and 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 18 years. They have 2 incredible children who are 15 and 12 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 with Adoption and Foster Care ministries. He is currently volunteering as part of FAC's Guest Services team. 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.



Etim Idorenyin

Etim migrated to Canada in January 2008 for graduate studies in petroleum systems engineering at the University of Regina where he earned a master's degree and, later, a doctoral degree. Presently, he works as a reservoir engineer in the energy exploration and production industry and as an adjunct faculty in academia. Shortly after relocating to Calgary, Etim and his family began attending FAC in 2011. He started out by supporting the implementation of the church's then Mosaic Ministry initiative, a project aimed at promoting multi-cultural church growth. He

currently serves by leading a small group, hosting weekend services, sharing thoughts and prayers on the FAC Online Campus, and volunteering as part of the Guest Services team at the SW Campus. Etim and his wife, Rosemary, have been married since 2009. They are proud parents of 3 children, Michaela, Gabriel, and Isabella – 10, 7, and 2 years old respectively.



Dave Orr

Dave has been married to Cathy for 30 years and they have an adult daughter, Sarah. He is a vice-president with an office products company and they have attended First Alliance since 1990. He is passionate about evangelism and has spiritual gifts in the areas of administration and leadership. In his spare time, Dave enjoys running, reading, and golfing with Cathy, Sarah, and his son-in-law, Joel. He previously served on the Board of Elders from 1999-2004, 2006-2012, and 2014-2020. Dave has also been involved in the After Service Prayer, Communion, and Guest Services ministries at First, as well as serving on the GCA Educational Society Board until early 2021.



Olumide Obafemi

Olumide and Busola have been married for 17 years and have attended FAC since 2015. They have 3 sons – 2 teenagers and a 10-year-old (Iyinoluwa, Asheoluwa, and Modurotoluwa). Olumide has been an administrator at the Pre-School desk in DiscoveryLand. Olumide works in manufacturing and when not working, enjoys playing board games and taking walks in nature.



Jason Sawers

Jason is married to Melissa (Anderson) for 20 years, and they have 3 teen-aged children (Ava – 18, Chloe – 15, and Jude – 12) and have attended FAC since 2004. He was able to proudly serve with the DiscoveryLand team, and also enjoyed some time behind the barista machine or finding seats for folks before services. Jason works in the flooring and restoration industry. He started to practice Aikido again (after a 20+-year break) and is loving it! After taking some time away from committed service, Jason is looking forward to new opportunities to serve others.



Victor Wong

Victor is married to Karen for 31 years and they have 2 wonderful daughters, Tamara and Julia. The family began attending First Alliance Church in 2001 and they continue to be spiritually renewed by serving the Lord in various ministries. He currently serves in the choir, the prayer ministry, and the Audit and Finance Committee. Victor was a mentor with the Calgary Region Immigrant Employment Council coaching new immigrants with a financial or business background. Victor and Karen consider it was God's blessing when they transferred from Montreal with CP Railway 25 years ago and where he continues to be employed as the Assistant Vice President of Tax. Victor enjoys fishing, food, photography, connecting with people, and has a heart for Global Impact. He has previously served on the Board of Elders from 2006 to 2011, and has recently completed his second term.

2022-2023 Nominating Committee Nomination Profiles

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

Mora Bundy

Mora Bundy has been attending FAC since 2010. She is married to Craig who was the Pastor of the Share team at FAC from 2011 until his retirement in 2019. Mora was an International Worker with the Canadian Alliance from 1977 to 2011. She (along with Craig) served in Argentina, Ecuador, and North Africa. She is the mother of 4 children and grandmother to 13 – all of whom are scattered around the world. Mora enjoys mentoring young women and hospitality.

Rebecca Gifford

Rebecca Gifford has attended and been an active member at FAC for 39 years. She has been married to Paul Gifford for over 46 years. They love FAC and are committed to supporting and serving where they are able. Rebecca's involvement at FAC over the years has included children's ministries, women's ministries, choir, worship team, and other musical endeavours. She also volunteered for the funeral team, eventually becoming the lead person for a number of years. Presently Rebecca works part time for a funeral home in Calgary hostessing receptions. If she finds spare time she loves to hike, read, and spoil her grandchildren.

Pam Jonasson

Pam Jonasson has called FAC her church home since the mid 1990's. She has been happily married to Don Jonasson for the past 31 years. Pam accepted a worship leader role with Women's Ministries that continued for over 15 years. It was during that time that Pam realized her deep love for studying and applying the Word of God and eventually stepped into the role of table facilitator in Women's Bible study. In her spare time she loves to pursue creative outlets – you might even have caught her in a dramatic role on stage a time or 2! She enjoys new challenges in expressing herself creatively from putting together video memories for friends and family, drawing, needlework or just overall crafting mayhem.

Commentary on Financial Results

First Alliance Church of The Christian and Missionary Alliance For the Year Ended June 30, 2021

(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, 2021. It should be read in conjunction with the audited financial statements, notes, and schedules dated October 25, 2021. Note: unless otherwise noted, reference to dollar amounts in this Commentary are \$ thousands.

Financial Highlights

Total revenues were down 6% or \$527 to \$8,039. Total expenses decreased 10% or \$800 to \$7,197. Breakdown of revenue and expense are shown below.

	(\$ thousands)			
Revenue	2021	2020	Change	%
General Fund	6,140	6,606	(466)	-7%
Capital Fund	686	681	5	1%
Missions Fund	922	987	(65)	-7%
Care Fund	291	292	(1)	-1%
Total	8,039	8,566	(527)	-6%

Expenses	2021	2020	Change	%
Staff	3,756	3,791	(35)	-1%
Ministry Costs	546	976	(430)	-44%
Support Costs	906	881	25	3%
Capital	939	1,039	(100)	-10%
Missions	869	1,028	(159)	-15%
Care Fund	181	282	(101)	-36%
Total	7,197	7,997	(800)	-10%

Commentary continued on next page ...

General Fund Highlights

The General Fund ended the year with a \$931 surplus (2020 – \$958). As a result of continuation of COVID, special grant funding and community impact programs were expanded to respond to needs in the local community. Total amount received from the Canada Emergency Wage Supplement was \$611 (2020 – \$284). Cost of programs excluding salaries related to meals, outreach, and shelter for the homeless was \$198 (2020 – \$59).

Capital Fund Highlights

The Capital Fund ended the year with a \$253 deficit (2020 – \$358 deficit). We invested approximately \$269 in capital equipment during the year. Approximately \$1 million extra was paid to reduce outstanding loan balance from surplus cash. Total debt reduction during the year was \$1.5 million bringing the outstanding loan balance to \$455 (2020 – \$1,975).

Summary

First Alliance Church, I am thankful for your continued faithfulness to give, serve, and share. Amidst a world view that presents uncertainty, God's love for His people is steadfast. I look forward with curiosity for what God will do through our people with the resources He has blessed us with.

Respectfully submitted,

Blair Cooper
Treasurer

Non-Consolidated Financial Statements of

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

And Independent Auditors' Report thereon

Year ended June 30, 2021


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 Audit and Finance 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



Blair Cooper
General Treasurer

Calgary, Canada



KPMG LLP
 Suite 3100, 205 5th Avenue SW
 Calgary, AB T2P 4B9
 Telephone (403) 691-8000
 Fax (403) 691-8008
www.kpmg.ca

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, 2021;
- 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, 2021, 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 ethical responsibilities in accordance with these requirements.

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

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

Management is responsible for the preparation and fair presentation of 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

October 25, 2021

FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Non-Consolidated Statement of Financial Position

June 30, 2021, with comparative information for 2020

	General Fund	Restricted funds			Total 2021	Total 2020
		Missions Fund	Capital Fund	Care Fund		
Assets						
Current assets:						
Cash and short-term investments (note 2)	\$ 2,149,105	\$ 169,545	\$ 28,518	\$ 218,897	\$ 2,566,065	\$ 2,419,053
Accounts receivable (note 3)	91,520	—	5,164	—	96,684	65,483
Prepaid expenses	75,506	—	—	—	75,506	61,309
Inventory	91,619	—	—	—	91,619	96,803
	2,407,750	169,545	33,682	218,897	2,829,874	2,642,648
Employee loan (note 4)	100,000	—	—	—	100,000	100,000
Capital assets (note 5)	—	—	27,523,381	—	27,523,381	28,139,116
	\$ 2,507,750	\$ 169,545	\$ 27,557,063	\$ 218,897	\$ 30,453,255	\$ 30,881,764
Liabilities and Fund Balances						
Current liabilities:						
Accounts payable and accrued liabilities	\$ 292,751	\$ 101,989	\$ 83,342	\$ 4,698	\$ 482,780	\$ 531,138
Deferred revenue (note 6)	29,095	—	—	—	29,095	93,915
Deposits on refugee applicants (note 7)	490,483	—	—	—	490,483	126,307
Demand loans (note 8)	—	—	454,761	—	454,761	1,974,866
	812,329	101,989	538,103	4,698	1,457,119	2,726,226
Fund balances:						
Unrestricted	1,195,421	67,556	(49,660)	214,199	1,427,516	1,491,288
Internally restricted	500,000	—	—	—	500,000	500,000
Invested in capital assets	—	—	27,068,620	—	27,068,620	26,164,250
	1,695,421	67,556	27,018,960	214,199	28,996,136	28,155,538
Commitments (note 9)						
	\$ 2,507,750	\$ 169,545	\$ 27,557,063	\$ 218,897	\$ 30,453,255	\$ 30,881,764

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, 2021, with comparative information for 2020

	General Fund		Restricted Funds			Total
	2021	2020	Missions Fund	Capital Fund	Care Fund	
Revenues:						
Offerings						
General	\$ 4,939,257	\$ 5,474,640	\$ 759,579	\$ 286,154	\$ 288,326	\$ 1,334,059
Designated	—	—	161,971	398,132	2,150	562,253
COVID government relief (note 13)	611,169	284,194	—	—	—	—
Earned revenue and recoveries (Schedule 1)	589,336	847,552	840	—	—	840
Gain on disposal of assets	—	—	—	1,500	—	1,500
	6,139,762	6,606,386	922,390	685,786	290,476	1,898,652
						2,339,454
Expenses (Schedule 1):						
Staff costs	3,755,912	3,790,930	—	—	—	—
Ministry costs (Schedule 2)	546,341	975,734	869,581	—	180,769	1,050,350
Support costs	906,124	881,398	—	54,762	—	54,762
Amortization	—	—	—	884,327	—	884,327
	5,208,377	5,648,062	869,581	939,089	180,769	1,989,439
						3,048,797
Excess (deficiency) of revenues over expenses	931,385	958,324	52,809	(253,303)	109,707	(90,787)
						(709,343)
Fund balances, beginning of year	1,314,036	855,712	14,747	26,722,263	104,492	26,841,502
Interfund transfers	(550,000)	(500,000)	—	550,000	—	550,000
						27,050,845
Fund balances, end of year	\$ 1,695,421	\$ 1,314,036	\$ 67,556	\$ 27,018,960	\$ 214,199	\$ 27,300,715
						\$ 26,841,502

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, 2021, with comparative information for 2020

	General Fund		Restricted Funds				Total
	2021	2020	Missions Fund	Capital Fund	Care Fund	Total 2021	Total 2020
Cash provided by (used in):							
Operating activities:							
Offerings:							
General	\$ 4,939,257	\$ 5,474,640	\$ 759,579	\$ 286,154	\$ 288,326	\$ 1,334,059	\$ 1,678,842
Designated	—	—	161,971	398,132	2,150	562,253	652,991
COVID government relief	611,169	284,194	—	—	—	—	—
Deposits on refugee applicants	364,176	126,307	—	—	—	—	—
Earned revenues and recoveries	467,606	920,628	840	—	—	840	7,621
Staff costs	(3,742,795)	(3,745,780)	—	—	—	—	(145,503)
Ministry costs	(538,373)	(976,209)	(982,510)	—	(179,852)	(1,162,362)	(1,627,595)
Support costs	(931,735)	(897,242)	—	1,113	—	1,113	(226,973)
	1,169,305	1,186,538	(60,120)	685,399	110,624	735,903	339,383
Investments:							
Purchase of capital assets	—	—	—	(268,592)	—	(268,592)	(329,661)
Proceeds on disposal of capital assets	—	—	—	1,500	—	1,500	61,451
Purchase of short-term investments	(1,000,000)	—	—	—	—	—	—
	(1,000,000)	—	—	(267,092)	—	(267,092)	(268,210)
Financing:							
Loan payments	—	—	—	(1,520,104)	—	(1,520,104)	(332,811)
Interfund transfers	(550,000)	(500,000)	—	550,000	—	550,000	500,000
	(550,000)	(500,000)	—	(970,104)	—	(970,104)	167,189
Increase (decrease) in cash	(380,695)	686,538	(60,120)	(551,797)	110,624	(501,293)	238,362
Cash, beginning of year (note 2)	735,823	49,285	229,665	380,315	108,273	718,253	479,891
Cash, end of year (note 2)	\$ 355,128	\$ 735,823	\$ 169,545	\$ (171,482)	\$ 218,897	\$ 216,960	\$ 718,253

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, 2021, with comparative information for 2020

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, investment certificates held by Canadian financial institutions and cheques issued in excess of cash. Highly-liquid investments with original maturities less than three months are considered to be cash equivalents.

(b) Short-term investments:

Short-term investments are highly-liquid investments with original maturities greater than three months but less than one year or that are redeemable on demand.

(c) 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 reversed.

FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Notes to non-consolidated financial statements, page 2

Year ended June 30, 2021, with comparative information for 2020

1. Significant accounting policies (continued):

(d) 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.

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. Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable and exceeds its fair value. When a capital asset no longer contributes to the Church's ability to provide services, its carrying amount is written down to its residual value.

(e) 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.

FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Notes to non-consolidated financial statements, page 3

Year ended June 30, 2021, with comparative information for 2020

1. Significant accounting policies (continued):

(f) 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 include rental revenue, library sales, bookstore sales, Harvest sales of food, beverages, and others.

The Church applied for financial assistance under available government incentive programs. Government assistance relating to expenses of the period is recorded as COVID government relief revenue in the non-consolidated statement of operations.

(g) 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.

(h) 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.

FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Notes to non-consolidated financial statements, page 4

Year ended June 30, 2021, with comparative information for 2020

1. Significant accounting policies (continued):

(i) 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 (deficiency) of revenues over expenses.

Financial assets subsequently measured at amortized cost include cash and short-term investments 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 (deficiency) 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 (deficiency) of revenues over expenses in the period the reversal occurs.

(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, and these costs are amortized using the effective interest rate method.

FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Notes to non-consolidated financial statements, page 5

Year ended June 30, 2021, with comparative information for 2020

1. Significant accounting policies (continued):

(j) 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 short-term investments:

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

	2021	2020
Cash on deposit	\$ 572,088	\$ 1,454,076
Investment certificates	1,993,977	964,977
	<u>\$ 2,566,065</u>	<u>\$ 2,419,053</u>

The rate of return on short-term investments for the year was 1.95% (2020 – 1.95% to 3.45%).

3. Accounts receivable:

Included in accounts receivable is goods and services tax ("GST") recoverable of \$14,942 (2020 – \$11,653).

FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Notes to non-consolidated financial statements, page 6

Year ended June 30, 2021, with comparative information for 2020

4. Employee loan:

	2021	2020
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:

			2021	2020
	Cost	Accumulated amortization	Net book value	Net book value
Deerfoot campus				
Land	\$ 4,617,440	\$ –	\$ 4,617,440	\$ 4,617,440
Building	29,219,762	7,775,906	21,443,856	21,868,201
Computer equipment	1,202,527	931,144	271,383	341,651
Furniture and equipment	2,536,354	1,612,072	924,282	1,031,274
Parking lot	353,232	86,812	266,420	280,550
	\$ 37,929,315	\$ 10,405,934	\$ 27,523,381	\$ 28,139,116

FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Notes to non-consolidated financial statements, page 7

Year ended June 30, 2021, with comparative information for 2020

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	Reorganized as revenue	Ending balance
Events deposits	\$ 24,129	\$ –	\$ 7,987	\$ 16,142
Events registrations	69,786	69,303	135,256	3,833
Summer camp registrations	–	9,120	–	9,120
	\$ 93,915	\$ 78,423	\$ 143,243	\$ 29,095

7. Deposits on refugee applicants:

The amounts representing deposits from refugee applicants relate to funds received from third parties who have prepaid refugee commitments on applications using the Church immigration license. Funds are held on behalf of the third-party sponsors and do not relate to Church operations. As at June 30, 2021, the Church held \$490,483 (2020 – \$126,307) of these deposits.

8. Demand loans:

	2021	2020
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 maturity was extended to March 6, 2022	\$ 454,761	\$ 1,974,866
	\$ 454,761	\$ 1,974,866

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

A revolving demand facility loan with a \$600,000 limit (2020 – \$600,000) that bears interest at the bank's prime lending rate plus 0.50% per annum. As at June 30, 2021, \$nil (2020 – \$nil) was drawn on the facility.

FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Notes to non-consolidated financial statements, page 8

Year ended June 30, 2021, with comparative information for 2020

8. Demand loans (continued):

A business credit card with a \$200,000 limit that is governed by a separate agreement. As at June 30, 2021, \$25,836 (2020 – \$24,323) 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.

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 earnings before interest, taxes, depreciation, and amortization 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, 2021, the Church was in compliance with these requirements.

During the year the Church paid \$45,749 (2020 – \$84,899) in interest expense on its demand loans. Interest expense is included in support cost expenses of the Capital Fund.

9. Commitments:

The Church has lease commitments for facility and equipment. Minimum payments for these leases, excluding annual operating costs, are as follows:

	Facility	Equipment	Total
2022	\$ 22,056	\$ 16,014	\$ 38,070
2023	22,056	16,014	38,070
2024	—	16,014	16,014
2025	—	16,014	16,014
2026	—	2,668	2,668
	\$ 44,112	\$ 66,724	\$ 110,836

FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Notes to non-consolidated financial statements, page 9

Year ended June 30, 2021, with comparative information for 2020

9. Commitments (continued):

As well, 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, 2021, the Church has committed to \$nil (2020 - \$nil) in sponsorship.

10. 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 registered charity 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):

	2020	2019
Financial position:		
Total assets	\$ 22,803	\$ 21,449
Total liabilities	\$ 5,068	\$ 4,921
Total net assets	17,735	16,528
	\$ 22,803	\$ 21,449
Results of operations		
Total revenues	\$ 11,825	\$ 12,049
Total expenses	10,681	10,313
Excess of revenues over expenses	\$ 1,144	\$ 1,736

FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Notes to non-consolidated financial statements, page 10

Year ended June 30, 2021, with comparative information for 2020

10. Controlled entity (continued):

	2020	2019
Cash flows		
Cash from operations	\$ 1,740	\$ 2,613
Cash used in investing activities	(1,664)	(1,058)
Cash from (used in) financing activities	684	(401)
	\$ 760	\$ 1,154

The Society's financial statements are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. However, 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.

The resources of the Society are restricted in that as of August 31, 2020, \$548,093 (August 31, 2019 – \$322,000) of funds are restricted for specific projects. In addition, as part of the Society's facility agreement, the long-term debt of \$nil at August 31, 2020 (August 31, 2019 – demand loan of \$611,000) 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.

11. Related parties:

During the year ended June 30, 2020, the Church entered into transactions with related parties, which consisted of companies related to a member of the Board of Elders. Included in support costs expenses and capital additions for the year ended June 30, 2020 was \$4,492 and \$1,128, respectively, for offices supplies and furnishings. The transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. During the year ended June 30, 2021, these companies ceased to be related parties of the Church.

The Church entered into a rental agreement for its Southwest Campus with the Society, starting September 1, 2019 and renewing each year until terminated by either party. The Church has exclusive access to the theatre, theatre foyer, cafeteria, west gym and other rooms on Sunday mornings. 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 11

Year ended June 30, 2021, with comparative information for 2020

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 short-term investments 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 short-term investments is minimized substantially by ensuring that these instruments are held with large 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 12

Year ended June 30, 2021, with comparative information for 2020

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 2020, other than potential impacts of the COVID-19 pandemic described in note 13.

13. COVID-19 and government assistance:

COVID-19's impact on the Church:

While the disruption caused by COVID-19 is currently expected to be temporary, there is considerable uncertainty around its duration. The COVID-19 pandemic presents uncertainty over future cash flows, may cause significant changes to the Church's assets or liabilities and may have a significant impact on its future operations. The COVID-19 pandemic has resulted in the Church changing how it operates such as physically distancing attendees, facilitating remote working for those staff members that are able and implementing appropriate safety protocols. Any related financial impact of COVID-19 on the Church or broader economic influences in future periods cannot be reasonably estimated at this time.

As at the reporting date, the Church has determined that COVID-19 has had no impact on its accounting policies, contracts or lease agreements, the assessment of provisions and contingent liabilities, or the timing of revenue recognition. The Church has not assessed any impairment that needs to be recognized on its capital assets at June 30, 2021, as it continues to use these assets in the normal course of operations. The Church continues to manage liquidity risk by forecasting and assessing cash flow requirements on an ongoing basis. As at June 30, 2021, the Church continues to meet its contractual obligations within normal payment terms and the Church's exposure to credit risk remains largely unchanged.

Canada emergency wage subsidy:

The Government of Canada created the Canada Emergency Wage Subsidy ("CEWS") to provide wage assistance to qualifying entities who experienced a drop in revenues resulting from the COVID-19 pandemic. During the year, the Church recognized \$611,169 (2020 - \$284,194) in respect of its employees for the period from July 1, 2020 to June 30, 2021 and had collected the full amount prior to June 30, 2021. While qualifications and subsidy amounts may be subject to audit by the CRA, the Church is confident with respect to its entitlement to the subsidies received.

FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Notes to non-consolidated financial statements, page 13

Year ended June 30, 2021, with comparative information for 2020

14. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year. These reclassifications did not impact the Church's deficiency of revenue over expenses or fund balances.

FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

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

Year ended June 30, 2021, with comparative figures for 2020

	2021		2020	
	Expenses	Earned Revenues and Recoveries	Expenses	Earned Revenues and Recoveries
Staff costs				
Employee benefits	\$ 328,733	\$ —	\$ 327,554	\$ —
Retirement funds	125,648	—	130,213	—
Salaries	3,301,531	91,859	3,333,163	62,700
	\$ 3,755,912	\$ 91,859	\$ 3,790,930	\$ 62,700
Ministry costs*				
Children's ministries	\$ 25,050	\$ —	\$ 58,833	\$ 20,930
Communications and events	42,948	—	66,986	3,513
Community impact	198,857	—	59,224	635
Congregational care	4,162	—	7,807	—
Family and marriage	6,006	2,700	16,018	9,626
Global impact	7,192	—	8,299	787
Harvest ministries	24,969	3,201	320,012	316,136
Leadership development	7,402	—	6,628	5,319
Library and resource centre	37,270	41,749	77,652	93,827
Life connection	11,592	5,710	28,031	19,296
Life development	22,343	2,516	64,527	6,735
Seniors	6,382	4,170	18,254	11,419
Student's ministries	7,994	750	25,285	5,807
SW Campus	22,908	—	83,723	—
Technical arts	38,051	—	35,334	—
Worship arts	83,215	65,906	99,121	77,676
	\$ 546,341	\$ 126,702	\$ 975,734	\$ 571,706
Support costs*				
C. & M. A. district operating	\$ 142,205	\$ —	\$ 159,323	\$ —
Finance	147,977	—	137,858	—
Maintenance and repairs	187,273	—	192,194	—
Office administration	179,643	—	23,890	—
Pastoral administration	57,793	5,906	150,204	—
Rental and other revenues	—	364,869	—	213,146
Utilities	191,233	—	217,929	—
	\$ 906,124	\$ 370,775	\$ 881,398	\$ 213,146
Grand total	\$ 5,208,376	\$ 589,336	\$ 5,648,062	\$ 847,552

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

FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Schedule 2: Missions Fund Schedule of Expenses

Year ended June 30, 2021, with comparative figures for 2020

	Undesignated	Donor Designated	2021 Total
Alliance foreign missions	\$ 597,465	\$ 54,225	\$ 651,690
Alliance home missions	22,725	1,020	23,745
Ambrose University and other colleges, seminaries	11,365	—	11,365
Camp Chamisall	11,365	9,392	20,757
Commissioned missionaries	43,629	89,071	132,700
Other Christian organizations	—	8,079	8,079
Short-term missions	—	2,809	2,809
Sundry and administration charges	17,929	507	18,436
	\$ 704,478	\$ 165,103	\$ 869,581

	Undesignated	Donor Designated	2020 Total
Alliance foreign missions	\$ 679,310	\$ 92,142	\$ 771,452
Alliance home missions	22,380	1,020	23,400
Ambrose University and other colleges, seminaries	11,190	716	11,906
Camp Chamisall	11,190	6,480	17,670
Commissioned missionaries	42,153	64,199	106,352
Other Christian organizations	10,000	9,101	19,101
Short-term missions	29,024	22,137	51,161
Sundry and administration charges	26,623	661	27,284
	\$ 831,870	\$ 196,456	\$ 1,028,326

"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*



first alliance church

12345 40 Street SE
Calgary, Alberta T2Z 4E6
Phone 403-252-7572 Fax 403-252-6315
info@faccalgary.com
faccalgary.com