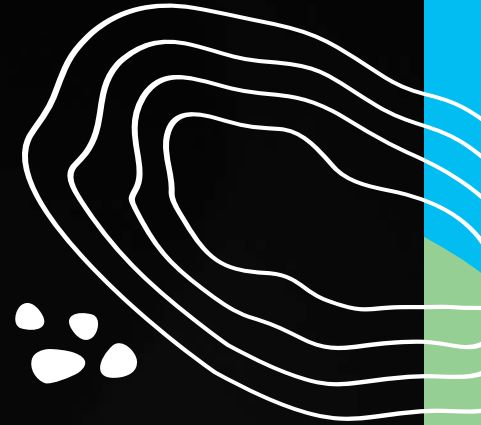




ANNUAL REPORT

July 2022-June 2023



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Agenda

Annual General Meeting of First Alliance Church Sunday, November 5, 2023

First Segment

1. Meeting called to Order
2. Opening Comments & 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 30, 2022
6. Minutes of the Special Congregational Meeting of Sunday, November 27, 2022
7. Motion to Appoint Tellers for Annual General Meeting
8. Report of the Nominating Committee for 2023-2024
9. Election of Elders
10. Election of the Nominating Committee for 2024-2025
11. The Story of God's Provision
 - a. Report of the Treasurer
 - b. Appointment of the Auditors for the fiscal period July 1, 2023-June 30, 2024

Second Segment

1. Report on Ministry
 - a. Glenmore Christian Academy
 - b. Ministry Story of 2022/2023
2. Questions & Answers Session
3. Closing Comments & Prayer

A Note from Pastor James



Looking back to reflect on God's goodness is not only something I enjoy but also a meaningful spiritual discipline. God has been so faithful to us as we learn to live in our post-pandemic realities. It's been amazing to witness the gospel message changing lives as we see people come to faith and take the step of baptism.

Some of this past year's highlights include the launch of FAC en Español, filling the Harvest Rooms at the Deerfoot Campus already, our FAC Online Campus developing a microsite model to enhance opportunities for people to connect, grow, serve, and share wherever they are, the transformation of our Student Ministries, and the many ways in which we get to serve the surrounding communities in south Calgary. We've been focusing our attention on 3 things this past year:

- **Go Deeper:** becoming spiritually strong;
- **Move Closer:** staying spiritually and socially connected; and
- **Reach Further:** embracing missional engagement.

Some things have been more straightforward than others, but we've been committed to giving God our best and being willing to go to hard places.

As we look ahead, our Board of Elders and staff have been discerning a fresh vision from the Lord that we're excited to share with you at our Vision Weekend and Annual General Meeting. Let me give you a hint ... it involves 'Joining Jesus' in what He is up to in our city.

Jesus once said, "My food is to do the will of Him who sent me and to complete His work." (John 4:34, NRSVue). He also said, "Peace be with you. As the Father has sent me, so I send you." (John 20:21, NRSVue). **We want to join with Him in this commission.**

Thank you for faithfully supporting your church family and daring to dream together. I'm so glad you are 'all in.'

I love being your pastor,

James Paton
Lead Pastor



Reflections from our Board of Elders

Written by Dave Orr, Chairman of the Board of Elders

During the fiscal year of 2022/2023, there were many blessings that God has again provided to First Alliance Church. We have been fortunate to see a new congregation develop, undertake the potential shift for the composition of the Board of Elders, and have changes in staff leadership as we continue to build momentum in the Calgary community. As we have moved back into the rhythm of regular services and most people attending in-person at one of the campuses, the diversity of our congregation has continued to increase, reflecting the diversity in the city of Calgary.

This October marks the first anniversary of our Spanish Congregation, FAC en Español, which continues to grow!

From an exciting launch on October 16, 2022, through to now, we've seen this community develop and be able to honour God in their first language. With the vibrancy of this community, its meaningful connection points, and solid Biblical teaching, we trust the Lord will continue to bless FAC en Español, as a vital part of our church. Building on the success of the Spanish Congregation, additional open doors may appear for similar approaches to spread God's Word through FAC with Calgary's growing communities.

In addition to the specific development of the Spanish Congregation, our FAC community is becoming more diverse than ever, evident in our weekend gatherings and reflected in the new people and families attending FAC. This diversity adds strength and richness to our church body.

One month after last year's Annual Meeting, FAC held a Congregational Meeting to consider appointing Women as Elders to serve on the Board at FAC. Many local Alliance churches and others in our denomination had previously travelled this path; we wanted to give due diligence and prayer to this important topic before voting. Our leadership provided teaching sessions and various resources before the meeting to consider this question. After considerable debate and discussion, the motion passed. On this year's ballot for the election of Elders, you will see that both men and women have been nominated for consideration. Please prayerfully consider these individuals put forward for the Board of Elders, and thank the Nominating Committee for their work in preparing the names for potential election at this year's Annual Meeting.

During the Spring of 2022, in God's favour, we paid off the mortgage associated with our Deerfoot Campus. As I started reflecting on this, I realized that even though it seems like a new facility in some ways, it's close to being 20 years old! It's incredible to be debt-free, but in an aging facility, many operational maintenance and repair needs will arise in the coming years. **We have identified a plan to make annual investments to maintain the Deerfoot Campus in the years to come** – requiring God's direction and the generosity of God's people to ensure we have a properly functioning facility that can continue to serve and be used as a base to reach into the community. We trust God to provide for these significant needs in the years ahead.

As we move into the year ahead, our staff continue to serve FAC and lead us in various ministry areas, working diligently, providing leadership, and looking at new ways to reach surrounding communities and the world. Please join me in thanking Pastor James and the team for all their efforts, and pray for them as they continue to build God's Kingdom. We have had staffing transitions during the last year, so please pray for people in their new roles – **I would like to specifically thank Pastor Les Bon-Bernard for his many years of dedicated service at First Alliance Church.** We have appreciated Les' teaching, leadership, and dedication to building lives that honour God at FAC, and we wish him all the best in following God's direction for his future.

Thank you also to those who serve on the Board of Elders, who engage prayerfully in challenging decisions. It's a pleasure to serve with them; please continue to pray for the Board in the coming year. Thanks also to you, the FAC community, for all you do – your serving, generosity, and support as we anticipate what God will do in 2023/2024!





2022 AGM Minutes

Annual General Meeting of First Alliance Church

Sunday, October 30, 2022

12345 40 Street SE Calgary, AB

First Segment

1. The meeting was called to order at 7:05 pm.
2. Pastor Hernando Muñoz opened the meeting in prayer.
3. **Quorum** – the meeting was declared duly constituted based on the number registered (170).
4. Approval of Agenda – M/S/C to approve the agenda as provided in the Annual Report.
5. **Minutes of the 2021 Annual General Meeting** – M/S/C to approve the minutes of the 2021 Annual General Meeting as published in the Annual Report.
6. **Motion to Appoint Tellers for the Annual General Meeting** – M/S/C to appoint Brent Kinnie as Head Teller and to select assistance as required.
7. **Report of the Nominating Committee for 2022-2023** - Pastor James provided an overview of the role of the nominating committee and the process of nominating elders. The Nominating Committee recommended the following individuals as Elders for a 2-year term commencing immediately:
 - Charles Ang (2nd term)
 - Daniel Hui (3rd term)
 - Andrés Gutierrez (1st term)
 - Mike Mackinnon (1st term)
 - Arnold Schellenberg (1st term)

The following individuals were recommended to serve on the **Nominating Committee for the 2022-2023 year**: Peace Oyetunji, Carolyn Scheil, Al Weber.

8. **Election of Elders and Nominating Committee** – Ballots were completed and collected.
 - The recommendation to approve the elders and nominating committee members was endorsed with a 98% or higher approval.
 - M/S/C to destroy the ballots.
9. **The Story of God's Provision**
 - Blair Cooper provided an overview of the financial reports contained in the Annual Report. A breakdown of each fund and ministry category was presented. Only one question was raised regarding how we decide on supporting outside ministries. Requests for support are considered by the Global Impact Committee who follow a vetting process. If required, input from the District and National Office is considered.
 - M/S/C to appoint the public accounting firm of KPMG as auditors for the fiscal year ending June 30, 2023.
 - As a result of the church paying off its mortgage we need to arrange for the ability to access financing for maintenance and future improvements.
 - M/S/C to approve obtaining a Capital Fund Lending Facility of up to \$2 million for future improvements.

Second Segment

1. Report on Ministry

- a. **Glenmore Christian Academy Report** – Stan Hielema provided a report and shared some inspiring stories both personal as well as from the GCA community of students and staff. He referenced the large percentage of GCA families that are new to Canada, GCA's debt-free status and the plans that are underway to launch a High School.
- b. **Ministry Story of 2021-2022** – Pastor James and Board Chairman, Dave Orr both provided highlights from the past year in the Annual Report. Noted by both was the launching of FAC en Español and an emerging momentum as we come out of COVID restrictions. Our passion continues to be *Building lives that honour God ... all for Jesus!* An insert formed part of the Annual Report material which provided 'At a Glance' highlights from the past year. Significant opportunities for connecting, sharing and growing were summarized. As a congregation we are encouraged to 'approach the throne of grace with boldness...' (Hebrews 4:16) and to lean in by serving in our area of giftedness.

2. Question & Answer Session* – Several individuals provided comments of appreciation and encouragement as well as asking questions. The topics brought forward were:

- *Appreciation for Harvest Ministries*
- *A request for focus on Women's and Men's Ministries*
- *A desire to see revival and for people to be encouraged to come forward for prayer and forgiveness and for more pastoral involvement in After Service Prayer*
- *A request for continued prayer and efforts in supporting the needs of parents and children with special needs*
- *Are Bible studies available in other languages?*
- *Appreciation for ministry extended toward individuals in seniors' facilities*
- *What singles' ministries are available at the church?*

***Note:** not all questions and responses are recorded. The primary purpose of the minutes is to capture business decisions. We do welcome and encourage questions and comments and will consider them as we are able.

3. Closing Comments and Prayer – Dave Orr provided some closing comments and prayer.

M/S/C to adjourn the meeting at 8:55 pm.

Respectfully Submitted,

Dave Orr,
(Chairman of the Board of Elders)

Phil Bauer
(Secretary)



Congregational Meeting Minutes

First Alliance Church Congregational Meeting

November 27, 2022

12345 40 Street SE Calgary, AB

1. A special meeting of the congregation of First Alliance Church for the purpose of approving and including women to be able to serve as Elders of First Alliance Church was called to order by Dave Orr at 7:04 pm.
2. Dave Orr, Chairman of the Board of Elders opened the meeting in prayer.
3. A requirement of 50 members for a Quorum was met and the meeting was declared duly constituted based on a report from the registration secretary.
4. **It was M/S/C to approve the agenda.**
5. **It was M/S/C to appoint Paul Gifford as Head Teller and to select additional tellers as required to collect the ballots of the vote.**
6. Prelude to the Motion – Chairman of the Board, Dave Orr and Pastor James Paton provided a prelude to the motion. Dave Orr referenced a letter that had been sent to all members which provided the background that brought us to this meeting and the motion to be voted upon. The Board of Elders, by consensus, was recommending the approval of the motion. Pastor James provided a theological framework for deciding on the role of women in local church leadership. He differentiated between dogmas, doctrine and distinctives and positioned women as elders as a distinctive which allowed for differences of opinion without compromising any of the essentials of the Christian faith. Both Complementarian and Egalitarian positions are Biblically defensible.
7. Motion Presented – **It was M/S to approve and include women to be able to serve as Elders at First Alliance Church.**
8. Questions and Answers – the congregation was invited to make comments, ask questions and to speak for or against the motion. Several members did so with conviction and respect.
9. Vote – a ballot vote was conducted. An interlude of refreshments and fellowship was enjoyed while the ballots were counted.

10. Vote Results – 227 ballots were cast. 162 were in favor, 65 opposed. **The motion was carried with a 71.4% weighting in favour. A 66.7% in favor was required for the motion to pass.**

It was M/S/C to destroy the ballots.

11. Meeting Adjournment – **it was M/S/C to adjourn the meeting** which was then closed in prayer by Pastor James Paton.

Respectfully submitted,

Dave Orr, Chairman

Phil Bauer, Secretary



Report of the Nominating Committee

Nominations for the Board of Elders for 2023-2025

An elected Elder may serve up to 3 two-year terms sequentially and must sit out at least 1 year before being eligible to serve as an Elder again. **After a thorough, prayerful process, the Nominating Committee recommends the following names* for a 2-year term commencing Fall 2023:**

Luisa Castiblanco (1st Term)
Brad Emery (3rd Term)
Brian Hargreaves (3rd Term)
Jason Sawers (2nd Term)

Susan Kinnie (1st Term)
Olumide Obafemi (2nd Term)
Dave Orr (2nd Term)

Elders serving to Fall 2024:

Charles Ang (2nd Term)
Andrés Gutierrez (1st Term)
Arnold Schellenberg (1st Term)

Daniel Hui (3rd Term)
Mike Mackinnon (1st Term)

Elders not standing for re-election or have completed 3 two-year terms:

Victor Wong
Phil Bauer

Nominating Committee Members:

Pastor James Paton (Chair), Andrés Gutierrez, Mike Mackinnon, Victor Wong, Carolyn Scheil, Peace Oyetunji, 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 2024-2025 Nominating Committee for a 1-year term commencing Fall 2023*:

Licia Corbella-Gardiner
Craig Jones
Rick Robson

**Personal profiles of nominated Elders and Nominating Committee available on pages 9-11.*

Profiles of Nominated Elders

For a 2-Year Term Commencing Fall 2023



Luisa Castiblanco – Luisa has been married to her childhood next-door-neighbour Wilver for 22 years and proud parents of Lucas (10 years old). Luisa is originally from Colombia but has called Canada home for half her life now. Luisa's heart's desire is to serve the Lord and His Church with the giftings the Lord has given to her. She has served in DiscoveryLand, with the welcome team during COVID-19, she's currently a member of the Audit & Finance committee, and serves as a translator with FAC en Español. Luisa is a Chartered Professional Accountant (CPA) and works at the Western District Office of The Alliance Canada as the Finance Manager, seeing firsthand the incredible impact of the collective Church in our city and our province, and the passion that our Alliance pastors have for their churches, ministries and communities.



Brad Emery – Brad has been attending FAC since the mid 1990's. He has been married to his wife Janelle, for almost 20 years and they have 2 amazing children in grades 6 and 9. Over the years, Brad has served in various capacities at FAC including the finance team, DiscoveryLand children's ministry, and as a small group leader. He has a particular passion for Theatre 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 school district. 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 20 years. They have 2 incredible children who are 17 and 14 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 leader, and with Adoption and Foster Care ministries. He is currently volunteering as part of FAC's Guest Services team and is honoured to chair Glenmore Christian Academy's Board of Directors. 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, and spending time outdoors.



Susan Kinnie – Susan has been attending FAC for 45 years. Susan first came to faith in Jesus through the ministry of Camp Chamisall. Afterwards, she became involved with the Junior and Senior High youth ministries. Over the years, Susan has been involved with various ministries from Choir, DiscoveryLand, Alpha, Prayer Team and Guest Services. Susan has a passion for the church continuing to build a warm, welcoming community for all ages, stages and backgrounds. She also desires that FAC be the place where the love of Jesus is shown by meeting practical needs in Calgary and beyond. She would love to see more people experiencing the joy that comes with serving in all areas of the church. Susan is married to Brent and they have 3 sons, 2 daughters-in-law and 1 grandson.

Profiles of Nominated Elders

For a 2-year Term Commencing Fall 2023 (*continued*)



Olumide Obafemi – Olumide and Busola have been married for 19 years and have attended FAC since 2015. They have 3 sons – 2 teenagers and a 12-year-old (Iyinoluwa, Asheoluwa, and Modurotoluwa). Olumide has been an administrator at the DiscoveryLand Preschool desk. Olumide works in manufacturing and when not working, enjoys playing board games and taking walks in nature.



Dave Orr – Dave has been married to Cathy for 32 years and they have an adult daughter, Sarah, who is married to Joel. Dave is a vice-president with an office products company and they have attended FAC since 1990. He has spiritual gifts in the areas of administration and leadership. In his spare time, Dave enjoys running, reading, and has been excited to become a grandparent to Beckett, who is now 1 year old. He previously served on the Board of Elders from 1999-2004, 2006-2012, and 2014-2020. Dave has also served as part of the After Service Prayer, Communion, and Guest Services ministries at FAC, as well as serving on the Glenmore Christian Academy Educational Society Board until early 2021.



Jason Sawers – Jason has been married to Melissa (Anderson) for 22 years, and they have 3 children (Ava - 20, Chloe - 17 & Jude - 14) and have attended FAC since 2004. He was able to proudly serve with the Discoveryland team, and also enjoyed some time behind the espresso machine at the Café or finding seats for folks before services as part of Guest Services. Jason works in the flooring and restoration industry. He started to practice Aikido again (after a 20+ year break) and is loving it! He was part of the Guest Services greeting team for the past couple of years, and enjoys getting to know others who are serving and meet new families at our church. He also volunteers his time helping instruct Aikido classes for children.

2024-2025 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 2023:

- **Licia Corbella-Gardiner** – Licia Corbella-Gardiner has been attending FAC since October 1993, when she and her husband Stephen first moved to Calgary from Toronto. The Christian and Missionary Alliance Church has played a significant role in her life and the life of Licia's family. After accepting Jesus into their hearts at a Billy Graham event in Vancouver in 1984, she and Stephen started attending Tenth Avenue Alliance Church in Vancouver, where they were lovingly nurtured to grow in their new-found faith and where they were married.

Licia is perhaps best known as a long-time columnist and editorial page editor at the Calgary Herald and the Calgary Sun. She retired from full-time journalism in March 2022, and now runs and operates Corbella Communications and continues to freelance for Postmedia and other publications. She and her husband Stephen have been married for 36 years and have twin 26-year-old sons, Tyrone and Nolan, who grew up attending FAC and are men of strong faith. Licia and Stephen have a heart for sharing the good news of Jesus with others and are enthusiastically involved in Alpha at FAC, where they've had the great privilege of leading people to know the love, freedom, forgiveness, salvation and purpose that can only come by placing one's trust in the Lord.

- **Craig Jones** – Craig Jones has been attending FAC since the opening of the Deerfoot Campus in 2005. During this time he has felt privileged to serve in a variety of ministries including Guest Services, Cornerstone Café and as a member of the Board of Elders. Craig has experienced numerous short-term mission trips both as a participant and as team lead. Currently, Craig is enjoying volunteering with FAC Online and microsite at The Mustard Seed in addition to Men's Ministries. He's committed to leading a men's small group, which has been active for the last 10 years. Craig has been married to Heather for 43 years and they have 2 adult, married children - Sarah and Daniel. Outside of the church, Craig is passionate about his community volunteer work with AARCS. His hobbies and interests include travel, walking with Heather and the pups and backyard gardening.
- **Rick Robson** – Rick Robson has been attending FAC for over 30 years and has been blessed by a number of the ministries of FAC! He is happily married to Shirley Robson, and they have 3 adult children and 9 grandchildren. Rick is now retired, with a mixed background in accounting as a CMA CPA and as a Management Consultant for a major Canadian IT Company. Rick is involved in several ministries at FAC – as a member of a small group, serving as co-leader of the Financial Stewardship Ministry, and participates in the FAC services held at AgeCare Seton. Rick and Shirley enjoy their time with grandchildren, travelling and golfing!



Building lives that honour God ... all for Jesus!

Commentary on Financial Results

First Alliance Church of The Alliance Canada for the Year Ended June 30, 2023

This Commentary on Financial Results is provided to enable readers to assess the financial operations and condition of First Alliance Church (FAC) for the year ended June 30, 2023. It should be read in conjunction with the audited financial statements, notes and schedules dated September 25, 2023. Unless otherwise noted, reference to dollar amounts in this Commentary are in thousands of Canadian dollars.

Financial Highlights

Total revenues were up 2%, or \$128, to \$7,378. Total expenses increased 4%, or \$306, to \$7,970. The breakdown of revenues, expenses, annual surplus or deficit and Fund Balance by fund is shown below:

(\$ thousands)	2023	2022	Change	% Change
General Fund				
Revenues	5,700	5,435	265	5 %
Staff Costs	(3,918)	(3,931)	13	- %
Ministry Costs	(718)	(511)	(207)	(41)%
Support Costs	(1,212)	(1,040)	(172)	(17)%
Annual Deficit*	(148)	(47)	(101)	(215)%
Fund Balance - Total	1,500	1,648	(148)	(9)%
Capital Reserve**	600	500	100	20 %
Fund Balance - Unrestricted	900	1,148	(248)	(22)%
Missions Fund				
Revenues	1,027	1,019	8	1 %
Expenses	(1,010)	(1,034)	24	2 %
Annual Surplus (Deficit)*	17	(15)	32	213 %
Fund Balance	70	53	17	32 %
Capital Fund				
Revenues	305	487	(182)	(37)%
Expenses	(884)	(905)	21	2 %
Annual Deficit*	(579)	(418)	(161)	(39)%
Fund Balance	26,022	26,601	(579)	(2)%
Care Fund				
Revenues	346	309	37	12 %
Expenses	(228)	(243)	15	6 %
Annual Surplus*	118	66	52	79 %
Fund Balance	398	280	118	42 %

*The terms Surplus and Deficit refer to the Excess (Deficiency) of Revenues over Expenses.

** The term Capital Reserve refers to the Internally Restricted Fund Balance.

Unless otherwise noted, reference to dollar amounts in this Commentary are in thousands of Canadian dollars.

General Fund Highlights

The General Fund ended the year with a deficit of \$148 (2022 - \$47 deficit). After several years of declining revenues, we experienced an almost 6% increase in offerings to the General Fund in 2023, as well as higher revenues resulting from a full year of ministry activities. These higher revenues more than offset the loss of COVID special grant funding which ended in the prior year. Also noteworthy was the 159% increase in investment income driven by the rapid escalation in interest rates during the year. FAC's short-term investments are invested with the District, which in turn loans these invested funds to churches for capital acquisition or construction. The investment rates are variable, fluctuating with changes in the prime rate of interest.

Ministry costs increased by 41% in 2023 reflecting a full year of activity in all areas of ministry.

Fully 84% of these increased costs were offset by the higher ministry revenues noted above. The 17% rise in Support costs was driven primarily by: higher maintenance and repair expenses, particularly for heating and air conditioning units that are nearing end of life; higher utility rates for electricity and water; rising software licensing fees and more third-party support required for information technology operations; and attendance by ministry staff at the General Assembly of The Alliance Canada in July 2022.

Missions Fund Highlights

Revenues and expenses in the Missions Fund were comparable with the prior year. The current year saw an increase in support for our international workers, as well as a \$20 contribution by FAC to the capital needs of Camp Chamisall. Support for Ukraine relief and the related Media Project continued strong in 2023; FAC contributed \$13 towards the purchase of Ukraine convoy vehicles in 2023.

Capital Fund Highlights

The Capital Fund ended the year with a \$579 deficit (2021 - \$418 deficit). The deficit is mainly the result of the amortization of capital assets, which represents the expensing of the costs of the building, furniture and equipment over their estimated useful lives. We invested \$119 (2022 - \$182) in capital improvements and equipment during the year.

Summary

These financial results reflect the collective fragrant tithes and offerings of FAC members, guests and adherents which are then released or expended to spread the Good News of Jesus to everyone in our city, our nation, and beyond. Slow down and make time to taste the goodness of God in your lives, whom you can anchor onto during the stormy throws of this life. Then respond to God's invitation to test Him as spoken in Malachi 3:10-12 by bringing each of our whole tithes into His House, and He will flood us with tremendous blessings that others will marvel at God's provisions. In turn, God will use these offerings to further His mission through the FAC family.

– Respectfully submitted by Victor Wong, Treasurer

Financial Statements of

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

And Independent Auditor's Report thereon

Year ended June 30, 2023

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The 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 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 financial statements are presented fairly in all material respects.

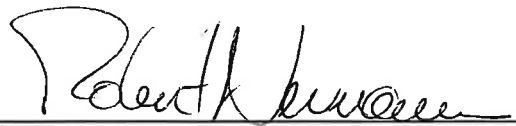
The integrity and reliability of the Church's reporting systems are achieved through the use of internal controls comprising written policies, standards and procedures, a formal authorization structure, and satisfaction processes for reviewing internal controls and financial information. These systems 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 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 auditor to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Committee reports to the Board prior to its approval of the 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 auditor.

The 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



Rob Neumann
Financial Controller

Calgary, Canada



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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

- the statement of financial position as at June 30, 2023;
- the statement of operations and changes in fund balances for the year then ended;
- the statement of cash flows for the year then ended;
- and notes to the 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, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada

September 25, 2023

FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Statement of Financial Position

June 30, 2023, with comparative information for 2022

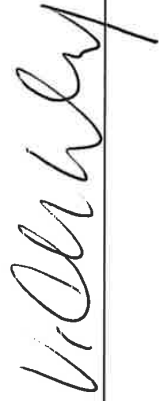
	General Fund	Restricted Funds			Total 2023	Total 2022
		Missions Fund	Capital Fund	Care Fund		
Assets						
Current assets:						
Cash on deposit (note 2)	\$ 309,020	\$ 136,749	\$ 68,943	\$ 399,317	\$ 914,029	\$ 584,433
Short-term investments (note 2)	2,197,613	—	—	—	2,197,613	2,071,324
Accounts receivable (note 3)	51,416	—	687	—	52,103	58,192
Prepaid expenses	107,556	—	—	—	107,556	92,109
Inventory	64,063	—	—	—	64,063	72,454
Interfund loan to Capital Fund	—	—	—	—	—	113,330
	2,729,668	136,749	69,630	399,317	3,335,364	2,991,842
Employee loan (note 4)	100,000	—	—	—	100,000	100,000
Capital assets (note 5)	—	—	25,972,153	—	25,972,153	26,732,521
	\$ 2,829,668	\$ 136,749	\$ 26,041,783	\$ 399,317	\$ 29,407,517	\$ 29,824,363
Liabilities and Fund Balances						
Current liabilities:						
Accounts payable and accrued liabilities (note 8)	\$ 350,981	\$ 66,989	\$ —	\$ 1,651	\$ 419,621	\$ 331,355
Deferred revenue (note 6)	46,896	—	19,771	—	66,667	65,439
Deposits on refugee applicants (note 7)	931,496	—	—	—	931,496	732,003
Interfund loan from General Fund	—	—	—	—	—	113,330
	1,329,373	66,989	19,771	1,651	1,417,784	1,242,127
Fund balances:						
Unrestricted	900,295	69,760	49,859	397,666	1,417,580	1,349,715
Internally restricted	600,000	—	—	—	600,000	500,000
Invested in capital assets	—	—	25,972,153	—	25,972,153	26,732,521
	1,500,295	69,760	26,022,012	397,666	27,989,733	28,582,236
Subsequent events (notes 2 and 9)						
Commitments and contingencies (note 9)						
	\$ 2,829,668	\$ 136,749	\$ 26,041,783	\$ 399,317	\$ 29,407,517	\$ 29,824,363

See accompanying notes to financial statements.

Approved on behalf of the Board of Elders:



Director



Director

FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Statement of Operations and Changes in Fund Balances

Year ended June 30, 2023, with comparative information for 2022

	General Fund		Restricted Funds				Total
	2023	2022	Missions Fund	Capital Fund	Care Fund	Total 2023	Total 2022
Revenues:							
Offerings:							
General	\$ 4,955,709	\$ 4,692,019	\$ 749,609	\$ 305,217	\$ 336,366	\$ 1,391,192	\$ 1,231,135
Designated	—	—	269,251	—	8,935	278,186	580,504
COVID-19 government relief (note 13)	—	153,794	—	—	—	—	—
Earned revenue and recoveries (Schedule 1)	630,000	544,775	8,151	—	—	8,151	2,901
Investment income	114,373	44,112	—	—	—	—	—
	5,700,082	5,434,700	1,027,011	305,217	345,301	1,677,529	1,814,540
Expenses:							
Staff costs (Schedule 1)	3,917,476	3,930,631	—	—	—	—	—
Ministry costs (Schedules 1 and 2)	718,253	510,706	992,427	—	227,974	1,220,401	1,256,832
Support costs (Schedule 1; note 11)	1,212,437	1,040,405	17,286	3,604	—	20,890	31,353
Amortization of capital assets	—	—	—	880,657	—	880,657	892,875
Loss on disposal of assets	—	—	—	—	—	—	338
	5,848,166	5,481,742	1,009,713	884,261	227,974	2,121,948	2,181,398
Excess (deficiency) of revenues over expenses	(148,084)	(47,042)	17,298	(579,044)	117,327	(444,419)	(366,858)
Fund balances, beginning of year	1,648,379	1,695,421	52,462	26,601,056	280,339	26,933,857	27,300,715
Fund balances, end of year	\$ 1,500,295	\$ 1,648,379	\$ 69,760	\$ 26,022,012	\$ 397,666	\$ 26,489,438	\$ 26,933,857

See accompanying notes to financial statements.

FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Statement of Cash Flows

Year ended June 30, 2023, with comparative information for 2022

	General Fund		Restricted Funds			Total
	2023	2022	Missions Fund	Capital Fund	Care Fund	
Cash provided by (used in):						
Operating activities:						
Offerings:						
General	\$ 4,955,709	\$ 4,692,019	\$ 749,609	\$ 305,217	\$ 336,366	\$ 1,391,192
Designated	—	—	269,251	—	8,935	278,186
COVID-19 government relief	—	153,794	—	—	—	—
Deposits on refugee applicants	199,493	241,520	—	—	—	—
Earned revenues and recoveries	628,192	570,376	8,151	—	—	8,151
Staff costs	(3,850,898)	(3,938,178)	—	—	—	—
Ministry costs	(713,855)	(498,233)	(972,750)	—	(226,673)	(1,199,423)
Support costs	(1,215,005)	(1,059,126)	(17,286)	(3,604)	—	(20,890)
	3,636	162,172	36,975	301,613	118,628	457,216
Investments:						
Purchase of capital assets (note 11)	—	—	—	(119,340)	—	(119,340)
Redemption (purchase) of short-term investments	(11,916)	(200,000)	—	—	—	—
	(11,916)	(200,000)	—	(119,340)	—	(119,340)
Financing:						
Loan payments	—	—	—	—	—	—
Interfund loans	113,330	(113,330)	—	(113,330)	—	(113,330)
	113,330	(113,330)	—	(113,330)	—	(113,330)
Increase (decrease) in cash on deposit	105,050	(151,158)	36,975	68,943	118,628	224,546
Cash on deposit, beginning of year	203,970	355,128	99,774	—	280,689	380,463
Cash on deposit, end of year	\$ 309,020	\$ 203,970	\$ 136,749	\$ 68,943	\$ 399,317	\$ 605,009
						\$ 380,463

See accompanying notes to financial statements.

FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Notes to Financial Statements

Year ended June 30, 2023, with comparative information for 2022

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 financial statements of the Church have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. The 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 inventory 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 inventory to be impaired below cost no longer exist, the amount of the impairment is reversed.

FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Notes to Financial Statements, page 2

Year ended June 30, 2023, with comparative information for 2022

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 impaired 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.

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 costs associated with the refugee sponsorship program (note 9), as well as memorial services.

FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Notes to Financial Statements, page 3

Year ended June 30, 2023, with comparative information for 2022

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 Ministries sales of food, beverages, and others.

The Church applies for financial assistance under available government incentive programs. Government assistance relating to expenses of the period is recorded as government relief revenue in the statement of operations, which included the COVID-19 relief funding.

(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 financial statements.

(h) Future employee benefits:

The Church sponsors a defined contribution pension plan for eligible staff. Employer contributions are included within employee benefits 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 Financial Statements, page 4

Year ended June 30, 2023, with comparative information for 2022

1. Significant accounting policies (continued):

(i) Financial instruments:

(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 on deposit and short-term investments, accounts receivable and employee loan. Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities.

(ii) Impairment:

Financial assets subsequently measured at amortized cost are tested for impairment when there are indications that an impairment exists. The amount of impairment 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 Financial Statements, page 5

Year ended June 30, 2023, with comparative information for 2022

1. Significant accounting policies (continued):

(j) Measurement uncertainty:

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 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, accrued liabilities, contingent liabilities relating to the refugee sponsorship program, 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 financial statements of changes in such estimates in future periods 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.

	2023	2022
Cash on deposit	\$ 914,029	\$ 584,433
Short-term investments:		
Securities held for sale	11,916	–
Investment certificates	2,185,697	2,071,324
	<u>\$ 3,111,642</u>	<u>\$ 2,655,757</u>

The annual rate of return on short-term investments for the year ranged from 3.20% to 6.45% (2022 – 1.95% to 3.20%). The two investment certificates outstanding at June 30, 2023 with anniversary dates of July 5, 2023 and October 8, 2023 were consolidated into one investment certificate on July 1, 2023 with an anniversary date of July 1 each year thereafter. The interest earned on the certificates is compounded annually on the anniversary date to redemption. Partial or full redemptions may be made at any time.

FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Notes to Financial Statements, page 6

Year ended June 30, 2023, with comparative information for 2022

3. Accounts receivable:

	2023	2022
Trade accounts receivable	\$ 34,683	\$ 29,841
Goods and Services Tax receivable	17,420	14,961
Accrued contribution for Canada Summer Jobs program	–	13,390
	\$ 52,103	\$ 58,192

4. Employee loan:

The employee loan relates to a housing loan that 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 30 days of being called, the loan will bear interest at the bank's prime rate plus 8% per annum. As at June 30, 2023, the Church has \$100,000 (2022 – \$100,000) owing from the employee.

5. Capital assets:

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 4,617,440	\$ –	\$ 4,617,440	\$ 4,617,440
Building	29,291,791	8,946,209	20,345,582	20,863,285
Computer equipment	1,289,617	1,168,865	120,752	186,679
Furniture and equipment	2,599,263	1,949,045	650,218	812,827
Parking lot	353,232	115,071	238,161	252,290
	\$ 38,151,343	\$ 12,179,190	\$ 25,972,153	\$ 26,732,521

FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Notes to Financial Statements, page 7

Year ended June 30, 2023, with comparative information for 2022

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:

	2023	2022
Event registrations	\$ 38,796	\$ 40,783
Deferred revenue on account of capital	19,771	19,771
Event deposits	8,100	4,885
	<u>\$ 66,667</u>	<u>\$ 65,439</u>

7. Deposits on refugee applicants:

The amounts representing deposits on refugee applicants relate to funds received from third parties who have prepaid refugee commitments on applications under the Church's agreement with the Government of Canada to sponsor refugees (note 9). Funds are held on behalf of the third-party sponsors and do not relate to Church operations. As at June 30, 2023, the Church held \$931,496 (2022 – \$732,003) of these deposits.

8. Credit facilities:

At June 30, 2023, the Church had the following credit facilities available with a lender:

A revolving demand facility loan with a \$600,000 limit (2022 – \$600,000) that bears interest at the bank's prime lending rate plus 0.50% per annum. As at June 30, 2023, \$nil (2022 – \$nil) was drawn on the facility.

A business credit card facility with a \$200,000 limit (2022 – \$200,000). As at June 30, 2023, \$11,832 (2022 – \$27,355) was drawn on the credit card facility. These amounts are included in accounts payable and accrued liabilities on the statement of financial position.

All facilities 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.

Access to these credit facilities requires that annual audited financial statements be provided to the lender within 120 days of each fiscal year end. As at June 30, 2023, the Church was in compliance with this requirement.

Interest expense of \$5,506 was paid by the Church in 2022 on its non-revolving demand term facility loan, which was terminated after the final loan payment was made on May 6, 2022. Interest expense was included in support cost expenses of the Capital Fund.

FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Notes to Financial Statements, page 8

Year ended June 30, 2023, with comparative information for 2022

9. Commitments and contingencies:

Commitments:

The Church has lease commitments for facility and equipment. The facility lease was renewed effective July 1, 2023 for a three-year term. Minimum payments for these leases, excluding annual operating costs, are as follows:

	Facility	Equipment	Total
2024	\$ 22,056	\$ 18,668	\$ 40,724
2025	22,056	18,668	40,724
2026	22,056	18,668	40,724
2027	—	6,223	6,223
	\$ 66,168	\$ 62,227	\$ 128,395

Contingent liabilities:

The Church has entered into an agreement with the Government of Canada to sponsor refugees. The Church is the Sponsorship Agreement Holder ("SAH") and either supports refugees on its own or works with other groups or individuals, called "constituent groups" ("CGs") or "co-sponsors", to support refugee applicants during their first year in Canada. As an SAH, the Church commits to financially supporting refugees during their sponsorship, providing settlement services to refugees, and overseeing all CGs and co-sponsors with whom the Church chooses to work.

Payments to refugees are only made when they arrive in Canada. To the extent that CGs and co-sponsors are unable to fulfill their financial obligations, and the deposits held by the Church for individual refugee applicants (note 7) are insufficient to cover the financial commitments, the Church is contingently liable for financial support up to the amount specified by Immigration, Refugees and Citizenship Canada ("IRCC") for each applicant. To the extent that the Church has taken on refugee applicants of its own, the Church is contingently liable for financial support for a minimum of the amount specified by IRCC. During the year, the Church paid \$8,341 (2022 – \$24,000) in direct support. As at June 30, 2023, the Church has estimated its contingent liability at \$137,730 (2022 – \$146,700).

FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Notes to Financial Statements, page 9

Year ended June 30, 2023, with comparative information for 2022

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):

	2022	2021
Financial position:		
Total assets	\$ 26,542	\$ 24,886
Total liabilities	\$ 5,793	\$ 5,500
Total net assets	20,749	19,386
Total liabilities and net assets	\$ 26,542	\$ 24,886
Results of operations:		
Total revenues	\$ 12,673	\$ 12,126
Total expenses	11,310	10,475
Excess of revenues over expenses	\$ 1,363	\$ 1,651
Cash flows:		
Cash from operations	\$ 2,367	\$ 2,721
Cash used in investing activities	(512)	(282)
Cash used in financing activities	(44)	(11)
Increase in cash and cash equivalents	\$ 1,811	\$ 2,428

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 restricted 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 Financial Statements, page 10

Year ended June 30, 2023, with comparative information for 2022

10. Controlled entity (continued):

The resources of the Society are restricted in that as of August 31, 2022, \$750,891 (August 31, 2021 – \$539,212) of cash is restricted for specific projects. In addition, as part of the Society's facility agreement, the operating line of credit of \$nil at August 31, 2022 (August 31, 2021 – \$nil) and credit cards of \$17,288 (August 31, 2021 – \$32,549) are 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, 2023, 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 purchase of capital assets for the year ended June 30, 2023 were \$33,475 (2022 – \$27,370) for office supplies and \$nil (2022 – \$39,091) for 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.

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 renews automatically each year until terminated by either party upon written notice. Part of the agreement requires the Church and the Society to purchase certain equipment, the cost of which will be shared equally. The shared capital expenditures are valued at \$156,324, of which \$81,710 and \$74,614 were spent in the years ended August 31, 2019 and August 31, 2020, respectively; there were no new costs in the years ended August 31, 2021 and August 31, 2022. If the agreement is terminated by the Society, the Church's 50% share of the total cost of the shared equipment, reduced by 20% each fiscal year that passes from the beginning of the contract, will be charged back to the Society.

12. Financial instruments risks:

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 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, short-term investments, employee loan, and accounts receivable.

FIRST ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Notes to Financial Statements, page 11

Year ended June 30, 2023, with comparative information for 2022

12. Financial instruments risks (continued):

(a) Credit risk (continued):

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 on deposit is minimized substantially by ensuring that these financial instruments are held with a large Canadian financial institution. The Church's short-term investments are held with The Western Canadian District of The Alliance Canada (the "District"). The District in turn loans these invested funds to churches for capital acquisition or construction. The District is registered on title as owner of the property securing the loan, which, in the absence of any significant decline in the fair market value of the property, ensures the recoverability of loans outstanding. In addition, the District maintains a credit facility with sufficient room in the facility to repay all of the Church's investments on demand.

(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's exposure to foreign currency exchange risk is not considered significant by management.

(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 prevailing interest rates. The Church is not exposed to interest rate risk or cash flow risk associated with a variable interest rate loan facility.

(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

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Year ended June 30, 2023, with comparative information for 2022

12. Financial instruments risks (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 and Capital 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 offerings for cash inflows and on the bank for renewing the credit facilities (note 8).

There have been no changes to the risk exposures from 2022.

13. COVID-19 and government relief:

The Government of Canada's Canada Emergency Wage Subsidy ("CEWS") program provided wage assistance to qualifying entities which experienced a certain drop in revenues resulting from the COVID-19 pandemic. The Church's eligibility for CEWS ended October 23, 2021, which coincided with the end of the CEWS program. In 2022, the Church recognized \$153,794 in respect of its employees for the period from July 1, 2021 to October 23, 2021; the full amount was collected prior to June 30, 2022. While qualifications and subsidy amounts may be subject to audit by Canada Revenue Agency, the Church is confident with respect to its entitlement to the subsidies received.

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 revenues 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, 2023, with comparative figures for 2022

	2023		2022	
	Expenses	Earned Revenues and Recoveries	Expenses	Earned Revenues and Recoveries
Staff costs				
Salaries and wages	\$ 3,341,659	\$ 49,000	\$ 3,388,259	\$ 54,500
Employee benefits	575,817	—	542,372	—
	\$ 3,917,476	\$ 49,000	\$ 3,930,631	\$ 54,500
Ministry costs*				
Children's ministries	\$ 39,161	\$ 10,954	\$ 33,179	\$ 8,903
Communications and events	49,273	—	33,289	—
Congregational care	8,860	625	4,854	—
Connect (small groups, men's and women's ministries)	36,650	30,242	20,750	8,761
Family, marriage and seniors	29,795	18,495	17,335	7,391
Grow (baptism, Alpha, classes, prayer and recovery) and Serve (volunteer support) ministries	73,146	7,995	26,217	2,384
Harvest ministries	120,398	114,521	92,352	43,565
Library and resource centre	55,109	75,081	55,037	73,791
Share (community impact and global missions)	15,257	6,900	9,616	—
Spanish Congregation	16,870	1,249	—	—
Student ministries	38,416	13,661	18,472	1,497
Southwest Campus	88,540	23,350	77,885	—
Technical arts and Online Campus	45,126	—	38,684	—
Worship arts and School of Music	101,652	77,612	83,036	61,041
	\$ 718,253	\$ 380,685	\$ 510,706	\$ 207,333
Support costs*				
C. & M. A. district operating	\$ 148,556	\$ —	\$ 140,170	\$ —
Finance	186,272	—	182,296	—
Information technology	133,407	—	103,738	—
Maintenance and repairs	209,649	—	177,206	—
Office administration	49,477	—	42,577	—
Office rent	52,687	—	36,572	3,018
Pastoral administration	112,573	366	92,539	471
Rental and other revenues	14,938	199,949	8,163	279,453
Utilities	304,878	—	257,144	—
	\$ 1,212,437	\$ 200,315	\$ 1,040,405	\$ 282,942
Grand total	\$ 5,848,166	\$ 630,000	\$ 5,481,742	\$ 544,775

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

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Schedule 2: Missions Fund Schedule of Ministry Expenses

Year ended June 30, 2023, with comparative figures for 2022

	Undesignated	Donor Designated	2023 Total
Alliance foreign missions	\$ 593,190	\$ 150,858	\$ 744,048
Alliance home missions	25,000	1,020	26,020
Ambrose University and other colleges, seminaries	10,500	600	11,100
Camp Chamisall	30,915	7,030	37,945
Commissioned missionaries	58,338	103,082	161,420
Other Christian organizations	1,500	7,261	8,761
Short-term missions	3,133	—	3,133
	\$ 722,576	\$ 269,851	\$ 992,427

	Undesignated	Donor Designated	2022 Total
Alliance foreign missions	\$ 631,979	\$ 166,048	\$ 798,027
Alliance home missions	23,800	1,120	24,920
Ambrose University and other colleges, seminaries	11,600	300	11,900
Camp Chamisall	11,600	6,270	17,870
Commissioned missionaries	49,838	84,741	134,579
Other Christian organizations	750	20,897	21,647
Short-term missions	5,016	—	5,016
	\$ 734,583	\$ 279,376	\$ 1,013,959



“Building lives that honour God.”

We are no longer foreigners and strangers,
but fellow citizens with God’s people and
members of His household ...

In Him we are being

built together

to become a dwelling in which
God lives by His Spirit.

EPHESIANS 2:19, 22 (NIV)



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