

COMMUNITY OF CHRIST - CANADA EAST MISSION CENTRE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

COMMUNITY OF CHRIST - CANADA EAST MISSION CENTRE
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YEAR ENDED DECEMBER 31, 2017

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Chartered
Professional
Accountants

INDEPENDENT AUDITOR'S REPORT

To the members of: Community of Christ - Canada East Mission Centre

We have audited the accompanying financial statements of Community of Christ - Canada East Mission Centre, which comprise the statement of financial position as at December 31, 2017 and the statements of changes in reserve funds, operations and changes in unrestricted net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Community of Christ - Canada East Mission Centre as at December 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not for profit organizations.

A handwritten signature in black ink that reads 'RLB LLP'.

Guelph, Ontario
June 12, 2018

Chartered Professional Accountants
Licensed Public Accountants

COMMUNITY OF CHRIST - CANADA EAST MISSION CENTRE
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017

	2017	2016
ASSETS		
CURRENT		
Cash	\$ 244,839	\$ 376,218
Accounts receivable	33,036	128,452
Notes receivable (note 6)	0	2,683
Prepaid expenses	<u>0</u>	<u>6,766</u>
	<u>277,875</u>	<u>514,119</u>
INVESTMENTS	<u>1,456,422</u>	<u>1,768,512</u>
CAPITAL		
Vehicles - revitalization reserve	72,188	72,188
Less: Accumulated amortization	<u>(54,141)</u>	<u>(36,094)</u>
	<u>18,047</u>	<u>36,094</u>
Equipment	23,750	72,053
Less: Accumulated amortization	<u>(23,750)</u>	<u>(71,920)</u>
	<u>0</u>	<u>133</u>
	<u>\$ 1,752,344</u>	<u>\$ 2,318,858</u>
LIABILITIES		
CURRENT		
Accounts payable	\$ 57,079	\$ 333,287
Government remittances payable	<u>249</u>	<u>17,141</u>
	<u>57,328</u>	<u>350,428</u>
DEFERRED CAPITAL CONTRIBUTIONS (note 7)	<u>18,047</u>	<u>36,094</u>
	<u>75,375</u>	<u>386,522</u>
NET ASSETS		
RESERVE FUNDS		
Internally restricted reserve funds	1,713,549	1,759,393
Externally restricted reserve funds	<u>51,085</u>	<u>53,136</u>
	<u>1,764,634</u>	<u>1,812,529</u>
UNRESTRICTED	<u>(87,665)</u>	<u>119,807</u>
	<u>1,676,969</u>	<u>1,932,336</u>
	<u>\$ 1,752,344</u>	<u>\$ 2,318,858</u>

COMMUNITY OF CHRIST - CANADA EAST MISSION CENTRE
STATEMENT OF CHANGES IN RESERVE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	2016	Revenue	Expenses	Transfers (note 5)	Investment Income	2017
RESTRICTED RESERVE FUNDS						
INTERNALLY RESTRICTED						
Operating	\$ 160,192	\$ 0	\$ 0	\$ (161,806)	\$ 1,614	\$ 0
Capital expenditures	(6,591)	0	0	6,591	0	0
Designated ministries (note 4)	50,259	143,043	140,672	99,045	0	151,675
Ontario stewardship association youth	69,868	328	2,456	0	2,787	70,527
CEM youth campership	102,485	0	0	(103,686)	1,201	0
Evangelism	13,343	0	0	(13,343)	0	0
Development	2,039	14,171	12,076	(2,039)	0	2,095
Growth and expansion	396,267	75,338	119,934	87,942	0	439,613
Encounter World Religions	(9,999)	82,442	96,698	9,999	0	(14,256)
Congregational	387,047	0	0	660	118	387,825
Revitalization reserve (note 7)	130,505	238,294	238,368	0	0	130,431
Church plant development	544,615	0	0	0	1,024	545,639
Barrie reserve	(80,637)	0	0	80,637	0	0
	<u>1,759,393</u>	<u>553,616</u>	<u>610,204</u>	<u>4,000</u>	<u>6,744</u>	<u>1,713,549</u>
EXTERNALLY RESTRICTED						
Gary Vanzant memorial fund	<u>53,136</u>	<u>0</u>	<u>920</u>	<u>(4,000)</u>	<u>2,869</u>	<u>51,085</u>
	<u>\$ 1,812,529</u>	<u>\$ 553,616</u>	<u>\$ 611,124</u>	<u>\$ 0</u>	<u>\$ 9,613</u>	<u>\$ 1,764,634</u>

COMMUNITY OF CHRIST - CANADA EAST MISSION CENTRE
STATEMENT OF OPERATIONS AND CHANGES IN UNRESTRICTED NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	2016
REVENUE		
Congregational quotas	\$ 90,976	\$ 76,440
Investment and other income	<u>4,937</u>	<u>30,117</u>
	<u>95,913</u>	<u>106,557</u>
EXPENSES		
World Church contribution	200,000	0
Office salaries and benefits	55,918	58,448
Building operating expenses	38,887	17,643
Regional activities - net	4,964	9,010
Telephone	1,999	4,507
Professional fees	1,456	13,853
Stationery and office supplies	136	2,143
Postage	25	1,127
Equipment repairs and maintenance	<u>0</u>	<u>15,400</u>
	<u>303,385</u>	<u>122,131</u>
DEFICIENCY for the year	(207,472)	(15,574)
UNRESTRICTED NET ASSETS, beginning of year	<u>119,807</u>	<u>135,381</u>
UNRESTRICTED NET ASSETS, end of year	<u>\$ (87,665)</u>	<u>\$ 119,807</u>

COMMUNITY OF CHRIST - CANADA EAST MISSION CENTRE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	2016
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Deficiency for the year - unrestricted fund	\$ (207,472)	\$ (15,574)
Deficiency for the year - Reserve funds	(47,895)	(72,975)
Items not requiring an outlay of cash		
Amortization	18,180	18,180
Unrealized loss (gain) on investments	<u>9,778</u>	<u>(5,490)</u>
	<u>(227,409)</u>	<u>(75,859)</u>
Changes in non-cash working capital		
Accounts receivable	95,416	99,353
Notes receivable	2,683	4,928
Prepaid expenses	6,766	(342)
Accounts payable	(276,208)	263,159
Government remittances payable	(16,892)	(15,954)
Deferred capital contributions	<u>(18,047)</u>	<u>(18,047)</u>
	<u>(206,282)</u>	<u>333,097</u>
	<u>(433,691)</u>	<u>257,238</u>
CASH PROVIDED BY INVESTING ACTIVITIES		
Investments	<u>302,312</u>	<u>19,300</u>
NET (DECREASE) INCREASE IN CASH	(131,379)	276,538
CASH, beginning of year	<u>376,218</u>	<u>99,680</u>
CASH, end of year	<u>\$ 244,839</u>	<u>\$ 376,218</u>

COMMUNITY OF CHRIST - CANADA EAST MISSION CENTRE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

1 NATURE OF ORGANIZATION

The purpose of the organization is to proclaim Jesus Christ and to promote communities of Joy, Hope, Love and Peace within the Canada East Mission Centre and through its connection with World Church into the world. The Mission is a not for profit organization and a registered charity and, accordingly, is exempt from income tax.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The organization's accounting policies are in accordance with Canadian accounting standards for not for profit organizations and include the following significant accounting policies:

(a) BASIS OF ACCOUNTING

The organization follows the deferral method of accounting for contributions with fund accounting. The unrestricted general fund accounts for the organization's development and administrative activities. Externally and internally restricted funds have been set aside for designated purposes.

(b) REVENUE RECOGNITION

Unrestricted contributions are recognized as revenue in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Designated contributions, which are either internally or externally designated, are recognized as revenue of the designated reserve fund in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Interest income and other revenue are recognized when earned.

(c) CAPITAL ASSETS

Capital assets are recorded at cost and are amortized on a straight-line basis over four years. Forty percent of the amortization is recovered by payment from Community of Christ Canada to the Canada East Mission Centre. In the prior year, a new class of capital asset was created, being the vehicles in the revitalization program. These vehicles will be amortized straight-line over the life of the fund, being 4 years.

(d) IMPAIRMENT OF LONG LIVED ASSETS

Long lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

(e) USE OF ESTIMATES

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 amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant estimates used within these financial statements include useful lives of capital assets and the valuation of accrued liabilities. Actual results could differ from those estimates.

COMMUNITY OF CHRIST - CANADA EAST MISSION CENTRE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) FINANCIAL INSTRUMENTS

Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments, consisting of fixed income and equity portfolios, which are measured at fair value. Changes in fair value are recognized in the appropriate fund to which the investment belongs.

Financial assets measured at amortized cost include cash, accounts receivable and notes receivable.

Financial liabilities measured at amortized cost include the accounts payable and the deferred capital contributions.

The organization's financial assets measured at fair value include investments.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. If an impairment has occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted future cash flows expected or the proceeds that could be realized from the sale of the financial asset. The amount of the write-down is recognized as an expense in the appropriate fund to which the investment belongs. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized as revenue in the appropriate fund where the investment belongs.

Transaction costs

The organization recognizes its transaction costs as an expense in the appropriate fund where the investment belongs in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

3. FINANCIAL INSTRUMENTS

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, credit, currency, liquidity, or other price risks arising from their financial instruments.

The extent of the organization's exposure to these risks did not change in 2017 compared to the previous period.

The organization does not have a significant exposure to any individual customer or counterpart.

COMMUNITY OF CHRIST - CANADA EAST MISSION CENTRE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

4. DESIGNATED MINISTRIES RESERVE

The designated ministries reserve consists of the following:

	2017	2016
Family ministries	\$ 69,951	\$ 59,453
Women's retreat - provincial	0	261
Loaves and fishes reunion reserve	0	860
Healing and freeing reunion reserve	0	191
Noronto reunion reserve	0	1,825
Kids camp reserve	0	2,127
Jr. High Noronto reserve	0	(195)
Spectacular reserve	0	(16,205)
Sr. High Noronto reserve	0	(5,436)
Retirees retreat	0	(469)
Thanksgiving retreat	0	130
Barrie LCM reserve	0	3,894
Youth ministries camping reserve	81,724	3,820
Women's retreat reserve	<u>0</u>	<u>3</u>
	<u>\$ 151,675</u>	<u>\$ 50,259</u>

5. TRANSFERS

During the year, the organization made the following interfund transactions:

Prior year ending balances in the operating, capital expenditures, designated ministries, CEM youth campership, Evangelism, development, Encounter World Religions and Barrie reserve funds were all transferred to the Growth and Expansion fund to close out those prior year balances. The net amount transferred into the Growth Expansion fund was \$85,787. There were additional transfers in the year to move excess balances from the Operating, CEM youth campership, and Congregational reserve funds, which totaled a net transfer of \$2,155, to the Growth and Expansion fund.

In the prior year, \$10,000 was allocated from the growth and expansion fund to help support the Encounter World Religions reserve program.

6. NOTES RECEIVABLE

The prior year balance was receivable from the World Church for survey costs paid for the Speedvale building. The receivable balance was unsecured, non-interest bearing, with no repayment terms.

COMMUNITY OF CHRIST - CANADA EAST MISSION CENTRE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

7. DEFERRED CAPITAL CONTRIBUTIONS - REVITALIZATION FUND

During the year, the Shaw Foundation contributed funds to assist with the revitalization program. These funds were used to establish a revitalization reserve fund and, among other ways, to purchase four new vehicles for the program staff in order for them to travel to various congregations to meet with the leaders over the next several years. The transaction was accounted for at the exchange amount. The vehicles are amortized over 4 years on a straight line basis. During 2017, \$18,047 (2016 - \$18,047) in amortization was recognized from the depreciation of the vehicles in the expenditures of the revitalization fund.

Deferred capital contributions related to the revitalization fund were recorded as such:

	2017	2016
Deferred capital contributions, beginning of the year	\$ 36,094	\$ 54,141
Amortization of deferred capital contributions	<u>(18,047)</u>	<u>(18,047)</u>
Balance, end of the year	<u>\$ 18,047</u>	<u>\$ 36,094</u>