

*Aperture*  
CHARTERED PROFESSIONAL ACCOUNTANTS

#101, 5621 – 11 Street NE  
Calgary, Alberta T2E 6Z7  
Canada

Bus: 403-250-7996  
Fax: 403-250-7290  
Email: [reception@aperturecpa.com](mailto:reception@aperturecpa.com)

**MENNONITE CHURCH ALBERTA**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**Aperture**  
**CHARTERED PROFESSIONAL ACCOUNTANTS**

#101, 5621 - 11 Street NE  
Calgary, Alberta T2E 6Z7 Canada

Bus: 403-250-7996

Fax: 403-250-7290

Email: [reception@aperturecpa.com](mailto:reception@aperturecpa.com)

---

**INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees of  
Mennonite Church Alberta

**Qualified Opinion**

We have audited the financial statements of Mennonite Church Alberta, which comprise of the statement of financial position as at December 31, 2020, statement of operations and fund balances, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effect of the matter described in the *Basis for Qualified Opinion*, the accompanying financial statements present fairly, in all material respects, the financial position of Mennonite Church Alberta as at December 31, 2020 and the results of its operations, changes in fund balances and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

**Basis for Qualified 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 report. We are independent of the Society 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.

In common with many not-for-profit organizations, the Society derives revenues from donations, the completeness of which is not readily susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to fund raising activities and donations, excess of revenue over expenses, assets and fund balances.

**Responsibilities of Management's and Those Charged with Governance 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.

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

Those charged with governance are responsible for overseeing the Society's financial reporting process.



### **Auditor's Responsibility 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 these 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 Society'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 Society'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 Society 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.

We 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.

CALGARY, ALBERTA  
March 8, 2021



CHARTERED PROFESSIONAL ACCOUNTANTS

**MENNONITE CHURCH ALBERTA  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2020**

	FUNDS			Total 2020	Total 2019
	General	Camp Valaqua	Restricted		
<b>ASSETS</b>					
<b>CURRENT</b>					
Cash	\$ 291,540	\$ 9,448	\$ 1,984	\$ 302,972	\$ 176,912
Term deposits	35,824	-	-	35,824	35,523
Accounts receivable	5,102	-	-	5,102	2,881
Goods and services tax receivable	2,038	-	-	2,038	2,737
Prepaid expenses	1,192	-	-	1,192	29,450
	<u>335,696</u>	<u>9,448</u>	<u>1,984</u>	<u>347,128</u>	<u>247,503</u>
Restricted cash (Note 3)	-	3,035	-	3,035	461
Property and equipment (Note 4)	-	806,258	-	806,258	788,760
	<u>\$ 335,696</u>	<u>\$ 818,741</u>	<u>\$ 1,984</u>	<u>\$ 1,156,421</u>	<u>\$ 1,036,724</u>
<b>LIABILITIES</b>					
<b>CURRENT</b>					
Accounts payable and accrued liabilities	\$ 9,568	\$ 4,589	\$ -	\$ 14,157	\$ 13,210
Government remittances payable	5,322	-	-	5,322	-
	<u>14,890</u>	<u>4,589</u>	<u>-</u>	<u>19,479</u>	<u>13,210</u>
Subsequent events (Note 5)					
<b>FUND BALANCES</b>					
Invested in plant and equipment	-	806,258	-	806,258	788,760
Externally restricted	-	-	1,984	1,984	2,514
Internally restricted	-	3,035	-	3,035	461
Unrestricted	320,806	4,859	-	325,665	231,779
	<u>320,806</u>	<u>814,152</u>	<u>1,984</u>	<u>1,136,942</u>	<u>1,023,514</u>
	<u>\$ 335,696</u>	<u>\$ 818,741</u>	<u>\$ 1,984</u>	<u>\$ 1,156,421</u>	<u>\$ 1,036,724</u>

APPROVED BY THE BOARD

\_\_\_\_\_ Director

\_\_\_\_\_ Director



**MENNONITE CHURCH ALBERTA**  
**STATEMENT OF OPERATIONS AND FUND BALANCES**  
**YEAR ENDED DECEMBER 31, 2020**

	FUNDS			Total 2020	Total 2019
	General	Camp Valaqua	Restricted		
<b>REVENUE</b>					
Campership	\$ -	\$ 6,755	\$ -	\$ 6,755	\$ 6,027
Church budgets contributions	324,135	-	-	324,135	354,531
Community building	1,000	-	-	1,000	17,624
Congregational leadership	1,170	-	-	1,170	2,130
Donations	51,327	61,389	-	112,716	91,542
Donations - Capital projects	-	51,658	-	51,658	16,326
Fundraising	-	34,873	-	34,873	11,862
Government funding	-	42,028	-	42,028	21,927
MC Canada	46,993	-	-	46,993	28,639
Mission and services	44,458	-	-	44,458	38,627
Other	61,530	298	-	61,828	24,120
Registration	2,100	530	-	2,630	127,652
Rental	-	41,067	-	41,067	84,008
	<u>532,713</u>	<u>238,598</u>	<u>-</u>	<u>771,311</u>	<u>825,015</u>
<b>EXPENSES</b>					
Advertising	-	8,041	-	8,041	5,380
Amortization	-	31,011	-	31,011	31,206
Campership	-	-	-	-	5,347
Church planting	22,300	-	530	22,830	2,700
Committee	157	-	-	157	1,668
Community building	7,127	-	-	7,127	20,464
Congregational leadership	1,041	-	-	1,041	3,194
Conferences and travel	-	3,256	-	3,256	6,203
Fundraising	-	780	-	780	1,668
Groceries and supplies	-	685	-	685	44,092
Insurance	-	19,858	-	19,858	25,231
MC Canada	108,866	-	-	108,866	114,428
Missions and services	64,184	-	-	64,184	63,316
Office and sundry	13,117	7,752	-	20,869	46,952
Out trips	-	-	-	-	13,116
Professional fees	7,688	-	-	7,688	14,244
Programs	1,157	-	-	1,157	2,296
Property operating costs	-	30,019	-	30,019	33,560
Repairs and maintenance	-	13,593	-	13,593	19,945
Salaries, benefits and honorarium	141,651	131,524	-	273,175	368,522
School support	41,946	-	-	41,946	42,000
	<u>409,234</u>	<u>246,519</u>	<u>530</u>	<u>656,283</u>	<u>865,532</u>
Excess (deficiency) of revenue over expenses from operations	123,479	( 7,921)	( 530)	115,028	( 40,517)
(Loss) on disposal of property and equipment	-	( 1,600)	-	( 1,600)	650
<b>Excess (deficiency) of revenue over expenses</b>	123,479	( 9,521)	( 530)	113,428	( 39,867)
Fund balances, beginning of year	211,632	809,368	2,514	1,023,514	1,063,381
Interfund transfers	( 14,305)	14,305	-	-	-
Fund balances, end of year	<u>\$ 320,806</u>	<u>\$ 814,152</u>	<u>\$ 1,984</u>	<u>\$ 1,136,942</u>	<u>\$ 1,023,514</u>

**MENNONITE CHURCH ALBERTA  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	\$ 113,958	\$( 33,907)
Items not involving cash		
Amortization	31,011	31,206
Transfers (to)/from internally restricted cash	( 3,104)	( 4,575)
Loss (gain) on disposal of property and equipment	1,600	( 650)
Net change in non-cash working capital		
Accounts receivable	( 2,221)	33,389
Goods and services tax receivable	699	232
Prepaid expenses	28,258	( 6,699)
Accounts payable and accrued liabilities	<u>6,269</u>	<u>( 17,982)</u>
	<u>176,470</u>	<u>1,014</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment with unrestricted funds	( 50,109)	( 12,190)
Proceeds on disposal of property and equipment	<u>-</u>	<u>650</u>
	<u>( 50,109)</u>	<u>( 11,540)</u>
<b>FINANCING ACTIVITIES</b>		
Long term debt repayment	<u>-</u>	<u>( 16,171)</u>
<b>Change in cash</b>	<b>126,361</b>	<b>( 26,697)</b>
Cash, beginning of year	<u>212,435</u>	<u>239,132</u>
Cash, end of year	<u>\$ 338,796</u>	<u>\$ 212,435</u>
<b>Cash consists of:</b>		
Cash	\$ 302,972	\$ 176,912
Term deposits	<u>35,824</u>	<u>35,523</u>
	<u>\$ 338,796</u>	<u>\$ 212,435</u>



**MENNONITE CHURCH ALBERTA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020**

## **1. PURPOSE OF THE SOCIETY**

The mission of the Mennonite Church Alberta is to glorify God by building His Kingdom here on earth. To fulfil our mission, we are committed to:

- (a) proclaiming Jesus Christ as the only Lord and Saviour of the world;
- (b) promoting conference-wide ministries of evangelism, missions, education and service;
- (c) planting and nurturing new congregations, encouraging local congregations to initiate mission outreach activities, supporting congregation-based ministries, and providing assistance to small groups who are unable to sustain themselves;
- (d) communicating with and relating to affiliated conferences and to other denominations;
- (e) facilitating mutual accountability between congregations in the areas of faith, life and ministry;
- (f) assisting congregations in calling and nurturing of leaders;
- (g) promoting spiritual well being and unity of spirit among member congregations;
- (h) planning joint worship and faith celebrations.

The Mennonite Church Alberta was established under the Religious Societies Land Act and is a not-for-profit organization. Mennonite Church Alberta is a registered charity under the Income Tax Act, therefore is not subject to income tax. The continued operation of Mennonite Church Alberta is dependant on the continued support of the member churches and interested individuals.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

### **Fund accounting**

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

The General Fund accounts for the general operation and administrative activities of the organization. The fund is unrestricted.

The Camp Valaqua Fund accounts for the net assets invested and operations of the Camp.

Restricted Funds are externally restricted donations for specific purposes.

### **Use of estimates**

The preparation of financial statements in accordance 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, and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they became known.

Significant estimates included in these financial statements include amortization of property and equipment and the ability to collect on accounts receivable.

**MENNONITE CHURCH ALBERTA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Financial instruments**

Mennonite Church Alberta's financial instruments consists mainly of cash, term deposits, accounts receivable, accounts payable and accrued liabilities. Unless otherwise indicated, it is management's opinion that Mennonite Church Alberta is not exposed to significant interest or credit risks arising from these financial instruments. The exchange value of these financial instruments approximate their carrying value, unless otherwise noted.

Financial instruments are recorded at exchange value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at exchange value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

**Property and equipment**

Property and equipment purchased are recorded at cost and property and equipment donated are recorded at exchange value. Acquisitions with a per unit cost under \$1,000 are expensed in the year of acquisition. Amortization is recorded on a straight-line basis, beginning in the year of acquisition, at the following annual rates:

Building and property improvements	40 years
Computer equipment	3 years
Equipment	5 and 25 years
Vehicle	5 years

The Church regularly reviews its capital assets to eliminate obsolete items and determine any impairment. Government grants are treated as a reduction of capital assets cost.

**Revenue recognition**

Church budget, community building, and congregational leadership contributions, general and MC Canada donations, fundraising, and mission funding are recognized as revenue of the general fund when received.

Registration fees for the general fund are recognized when related services are provided and the amount to be received can be reasonably estimated and collection is reasonably assured.

Campership receipts, Camp Valaqua donations, capita donations and fundraising receipts are recognized as revenue of the Camp Valaqua fund when received.

Government fundings for Camp Valaqua are recognized as revenue of the Camp Valaqua fund in the year to which they relate.

Registration fees and rental income for Camp Valaqua are recognized when related services are provided and the amount to be received can be reasonably estimated and collection is reasonably assured.



**MENNONITE CHURCH ALBERTA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Contributed services**

As with most charitable organizations, significant donations of time and services are received during each year. Due to the difficulties in establishing dollar values for these services, no attempt has been made to include a value for the services in the records of Mennonite Church Alberta.

**Donated property, equipment and materials**

Donated property, equipment and materials are recorded at fair market value when fair value can be reasonably estimated.

**3. RESTRICTED CASH**

Restricted Cash items are restrictions placed on cash by the Board of Directors. These cash balances are not available for use for operational purposes.

	<u>2020</u>	<u>2019</u>
Camp facility upgrade	\$ <u>3,035</u>	\$ <u>461</u>

**4. PROPERTY AND EQUIPMENT**

	<u>2020 Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
<b>Camp Valaqua</b>			
Land	\$ 329,364	\$ -	\$ 329,364
Buildings and property improvements	1,220,880	804,674	416,206
Computer equipment	1,190	793	397
Equipment	205,954	151,063	54,891
Vehicle	<u>24,290</u>	<u>18,890</u>	<u>5,400</u>
	<u>\$ 1,781,678</u>	<u>\$ 975,420</u>	<u>\$ 806,258</u>
	<u>2019 Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
<b>Camp Valaqua</b>			
Land	\$ 329,364	\$ -	\$ 329,364
Building and property improvements	1,220,880	780,563	440,317
Computer equipment	1,190	397	793
Equipment	155,846	146,360	9,486
Vehicle	<u>32,790</u>	<u>23,990</u>	<u>8,800</u>
	<u>\$ 1,740,070</u>	<u>\$ 951,310</u>	<u>\$ 788,760</u>

**MENNONITE CHURCH ALBERTA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020**

**5. SUBSEQUENT EVENTS**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread in Canada and around the world.

As at December 31, 2020, the Church had made changes in its operation in response to the COVID-19 crisis.

The Church also received \$56,763 in wage subsidies from the federal government and \$42,028 of camp operation subsidies from the provincial government.

Management believes that some aspects of the disruption to operations may be temporary; however, there is uncertainty about the length and potential long term impact of the disruption.