Financial Statements of

THE WESTERN CANADIAN DISTRICT OF THE CHRISTIAN AND MISSIONARY ALLIANCE

And Independent Practitioner’s Review Report thereon

Year ended June 30, 2023

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of The Western Canadian District of the Christian and Missionary Alliance

We have reviewed the accompanying financial statements of The Western Canadian District of the Christian and Missionary Alliance, which comprise the statement of financial position as at June 30, 2023, and the statement of operations, statement of changes in fund balances, and statement of cash flows for the year then ended, and notes, comprising 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of The Western Canadian District of the Christian and Missionary Alliance 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.

Comparative information

We draw attention to Note 17, to the financial statements, which indicates that the comparative information presented as at and for the year ended June 30, 2022, has been restated. Our conclusion is not modified in respect of these matters.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada

November 9, 2023

THE WESTERN CANADIAN DISTRICT OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Statement of Financial Position

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

	Operating Fund	New Ventures Fund	2023	2022
Assets				
Current assets:				
Cash	$ 4,505	$ 323,751	$ 328,256	$ 327,485
Accounts receivable	209,252	17,600	226,852	238,693
Goods and services tax recoverable	38,272	286	38,558	66,326
Interest receivable	127,981	–	127,981	200,721
Prepaid expenses and deposits	78,883	–	78,883	88,051
Provision for future health care and dental benefits (note 7)	81,604	–	81,604	6,743
Loans receivable (note 3)	4,964,477	–	4,964,477	5,919,499
Liability insurance receivable	25,404	–	25,404	27,662
Due from other entities	41,133	–	41,133	22,328
Land held for resale (note 4)	4,353,060	–	4,353,060	1,535,413
	9,924,571	341,637	10,266,209	8,432,921
Property and equipment (note 5)	1,540,574	–	1,540,574	6,142,718
Loans receivable (note 3)	31,430,678	–	31,430,678	40,337,152
Land held for future church development (note 4)	12,813,044	–	12,813,044	5,503,776
	45,784,296	–	45,784,296	51,983,646
	$ 55,708,867	$ 341,637	$ 56,050,505	$ 60,416,567
Liabilities and Fund Balances				
Current liabilities:				
Bank overdraft (note 6(b))	$ 11,473,822	$ –	$ 11,473,822	$ 11,722,857
Accounts payable and accrued liabilities	265,596	127	265,724	80,793
Interest payable	544,587	–	544,587	249,265
Deferred revenue	27,885	–	27,885	–
Deferred capital contributions (note 13)	1,023,236	–	1,023,236	1,095,374
Demand deposits payable (note 8)	25,676,900	–	25,676,900	24,466,796
Due to WCD Development Limited Partnership (note 2)	409,470	–	409,470	4,230,575
	39,421,496	127	39,340,020	41,845,660
Fund balances:				
Invested in property and equipment	1,540,574	–	1,540,572	6,142,717
Unrestricted	14,746,797	341,510	15,088,308	12,428,190
	16,287,371	341,510	16,628,881	18,570,907
Commitments (note 14)				
Contingent liabilities (notes 2, 6 and 15)				
	$ 55,708,867	$ 341,637	$ 56,050,505	$ 60,416,567

See accompanying notes to financial statements.

Approved on behalf of the District Executive Committee:

Matthew Boda Board Member

Board Member

THE WESTERN CANADIAN DISTRICT OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Statement of Operations

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

	Operating Fund	New Ventures Fund	2023	2022
Revenue:				
Contributions (note 9)	$ 1,631,165	$ 278,931	$ 1,910,096	$ 1,888,997
Interest (note 3)	2,057,370	–	2,057,370	1,519,570
Conferences and retreats	331,084	–	331,084	323,234
Income from Christian Publications Trust (CP Trust) (note 13)	236,963	–	236,963	75,000
Government subsidies (note 10)	–	–	–	62,189
Deferred capital contributions recognized (note 13)	72,138	–	72,138	112,678
Other income	27,005	–	27,005	4,370
	4,355,725	278,931	4,634,656	3,986,038
Ministry Expenses:				
Subsidies (note 11)	15,859	266,641	282,500	416,576
Grants (note 11)	70,472	–	70,472	54,166
Partnerships	15,000	–	15,138	117,750
Ambrose University	56,250	–	56,250	84,659
Scholarships	9,250	–	9,250	13,000
Travel, meals and entertainment	650,408	7,498	657,906	441,068
Event supplies and expenses	164,954	3,405	168,359	121,406
Other ministry expenses	29,872	–	29,872	41,284
	1,012,202	277,544	1,289,746	1,289,909
Staffing and Administrative Expenses:				
Salaries and benefits (note 12)	1,687,749	–	1,687,749	1,374,755
Interest expense (note 8)	1,338,877	–	1,338,877	649,726
Professional fees	235,287	–	235,287	56,065
Rent	231,679	–	231,679	231,656
Office	48,802	–	48,802	38,276
Systems support	70,974	–	70,974	42,403
Professional development	19,632	–	19,632	16,907
Other operating costs	37,101	–	37,101	45,889
Impairment of loan receivable	100,000	–	100,000	22,075
Loan forgiveness (note 4)	1,240,902	–	1,240,902	–
Liability insurance	58,293	–	58,293	50,749
Amortization (note 13)	254,197	–	254,197	299,309
	5,323,493	–	5,323,493	2,827,810
Total expenses	6,335,695	277,544	6,613,239	4,117,718
(Deficiency) excess of revenue over expenses before the undernoted	(1,979,970)	1,387	(1,978,583)	(131,680)
Gain on sale of asset	36,556	–	36,556	–
(Deficiency) excess of revenue over expenses	$ (1,943,414)	$ 1,387	$ (1,942,027)	$ (131,680)

See accompanying notes to financial statements.

THE WESTERN CANADIAN DISTRICT OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Statement of Changes in Fund Balances

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

	Operating Fund	New Ventures Fund	2023	2022
Operations				
Balance, beginning of year	$ 12,088,066	$ 340,124	$ 12,428,190	$ 12,332,769
(Deficiency) excess of revenue over expenses	(1,943,414)	1,387	(1,942,027)	(131,680)
Additions to invested in property and equipment	(5,112)	–	(5,112)	(72,208)
Transfer to land held for resale	4,353,060	–	4,353,060	–
Amortization	254,197	–	254,197	299,309
Balance, end of year	$ 14,746,797	$ 341,511	$ 15,088,308	$ 12,428,190
Invested in property and equipment				
Balance, beginning of year	$ 6,142,717	$ –	$ 6,142,717	6,369,818
Additions	5,112	–	5,112	72,208
Transfer to land held for resale	(4,353,060)	–	(4,353,060)	–
Amortization	(254,197)	–	(254,197)	(299,309)
Balance, end of year	1,540,572	–	1,540,572	6,142,717
Net assets, end of year	$ 16,287,369	$ 341,511	$ 16,628,880	$ 18,570,907

See accompanying notes to financial statements.

THE WESTERN CANADIAN DISTRICT OF THE CHRISTIAN AND MISSIONARY ALLIANCE

Statement of Cash Flows

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

	Operating Fund	New Ventures Fund	2023	2022 (note 17)
Cash provided by (used in):				
Operations:				
(Deficiency) excess of revenue over expenses	$ (1,943,414)	$ 1,387	$ (1,942,027)	$ (131,680)
Items not involving cash:				
Amortization	254,197	–	254,197	299,309
Debt forgiveness	1,240,902	–	1,240,902	–
Gain on sale of asset	(36,556)	–	(36,556)	–
Deferred capital contributions recognized	(72,138)	–	(72,138)	(112,678)
Impairment of loans receivable	98,967	–	98,967	20,000
Interest reinvested in loans receivable	(131,937)	–	(131,937)	(361,412)
Interest reinvested in demand deposits payable	644,412	–	644,412	507,227
	54,433	1,387	55,820	220,766
Changes in non-cash operating working capital:				
Accounts receivable	13,988	(600)	13,388	82,196
Goods and services tax recoverable	27,847	(80)	27,767	(24,524)
Prepaid expenses and deposits	8,923	244	9,167	(29,167)
Liability insurance receivable	2,259	–	2,259	10,559
Accounts payable and accrued liabilities	184,803	127	184,930	(81,283)
Deferred revenue	27,885	–	27,885	(24,352)
Provision for future health care and dental benefits	(74,862)	–	(74,861)	(63,749)
	245,276	1,078	346,354	90,446
Financing:				
(Repayment) advances on revolving demand facility	–	–	–	(4,005,000)
Demand deposited received	3,315,000	–	3,315,000	1,940,730
Demand deposits redeemed	(2,621,601)	–	(2,621,601)	(3,008,925)
Changes in non-cash financing working capital:				
Interest payable	295,323	–	295,323	25,255
Advances (to) from WCD Dev. Ltd. Partnership	(3,821,105)	–	(3,821,105)	227,000
Advances to other related entities	(18,806)	–	(18,805)	(12,486)
Bank overdraft repaid	(249,035)	–	(249,035)	(992,471)
	(3,100,224)	–	(3,100,224)	(5,825,897)
Investing:				
Purchase of property and equipment	(5,112)	–	(5,112)	(72,208)
Additions to land held for development	(101,964)	–	(101,964)	(48,958)
Proceeds from sale of land held for resale	1,535,413	–	1,535,413	–
New loans received	(2,085,000)	–	(2,085,000)	(4,487,034)
Loans repaid	3,438,564	–	3,438,564	10,444,395
Changes in non-cash investing working capital:				
Interest receivable	72,740	–	72,740	(9,454)
	2,854,641	–	2,854,641	5,826,741
(Decrease) / increase in cash	(307)	1,078	771	91,290
Cash, beginning of year	4,812	322,673	327,485	236,195
Cash, end of year	$ 4,505	$ 323,751	$ 328,256	$ 327,485

See accompanying notes to financial statements.

The Western Canadian District of the Christian and Missionary Alliance (the "District") is the governing organization in Alberta for congregations who are members of the Christian and Missionary Alliance religious denomination. The purpose of the District is to assist member congregations in building effective churches and developing pastors who are being transformed by Christ and equipped to transform our world. The District is a Society incorporated in 1928 under the Alberta Societies Act, is a registered charity and is exempt from the payment of income tax under Section 149(1)(f) of the Canadian Income Tax Act.

1. Significant accounting policies:

Interaction with member congregations:

(a) When a congregation becomes a member of the District, the congregation accepts certain requirements with respect to its management and ownership of property and equipment such as land, buildings, and vehicles. Constitutional requirements of the District result in ownership of any land, buildings and vehicles which must be registered in the name of the District. In addition, any financing in respect of these assets must first be approved by the District Executive Committee.

To facilitate access to financing, the District has negotiated a Master Lending Agreement with the Royal Bank of Canada (“RBC”) under which congregations may borrow to acquire property and equipment. The District is required to guarantee any financing extended by the bank under this Master Lending Agreement.

As a result of these constitutional requirements, the District Executive Committee has the opportunity to exercise significant influence over the investing and financing decisions of a congregation. While members of the denomination, each member congregation is governed by a separate independent board elected by members of the congregation, responsible for the operating, investing, and financing of the organization. Each congregation has exclusive use of the property and equipment and responsibility to manage and maintain the assets and service any debt requirements. The District Executive Committee does not exercise this significant influence as it wishes to empower the boards of each congregation to operate, invest and finance their organizational assets optimally for their unique contexts and organizations.

(b) Member congregations also commit to provide support to the District by contributions to its District Operating Fund (“DOF”). During the year, the District received $1,631,165 (2022 – $1,590,691) from the member congregations. In addition, member congregations provide contributions to the New Ventures Fund (“NVF”). During the year, the District received $278,931 (2022 – $298,306) from the member congregations to the latter fund.

1. Significant accounting policies (continued):

Concentration of revenue sources:

The main sources of revenue for the District are contributions from and interest earned on loans to member organizations (including congregations, schools and camps). The District is dependent on the continued support from those members to meet the ongoing needs of its operations.

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (“ASNFPO”) in Part III of the CPA Canada Handbook, and in management's opinion, have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below. ASNFPO principles require management to assess whether there are any events or conditions that may cast significant doubt upon the District’s ability to continue as a going concern. Management is not aware of any such material uncertainties and accordingly, these financial statements have been prepared using the going concern assumption.

These financial statements report only the operations of the District and do not include any activities of the member organizations.

(a) Revenue recognition:

The District follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

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

Contributions restricted to the purchase of property and equipment are deferred and amortized into operations at a rate corresponding with the amortization for the related property and equipment. Contributions restricted to the purchase of property and equipment that will not be amortized are recognized as direct increases in fund balances.

Revenue from interest on loans, conferences and retreats, government subsidies and income from Christian Publications Trust (“CP Trust”) is recorded as earned.

1. Significant accounting policies (continued):

(b) Fund accounting:

The District uses the following funds to report its operations and financial position.

The Operating Fund reports all income and expenses incurred in the operation of the District except for those reported in the New Ventures Fund. Income and expenses reported in the Operating Fund include:

1. Unrestricted contributions to cover programs and operating costs of the District including facilities and administration.
2. Contributions restricted for use in operations.
3. The acquisition, disposition and amortization of all property and equipment and any revenue or expenses related to the property and equipment.
4. Interest income earned on loans to members and interest expense paid on deposits payable.
5. Income earned on investments and allocation of income, if any, from CP Trust (note 13).
6. Unrestricted contributions for the purpose of registration for conferences and retreats sponsored by the District.
7. Government subsidies and grants.

The New Ventures Fund accounts for:

Unrestricted and restricted contributions received from congregations and individuals designated to support new ventures, including but not limited to:

1. Subsidies and grants for apprentice church planters and new church ventures.
2. Evangelical and missiology training.
3. Ministry expenses exclusively related to new ventures.

(c) Measurement uncertainty:

The preparation of financial statements in conformity with ASNFPO 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. Such estimates are periodically reviewed and any adjustments necessary are reported in (deficiency) excess of revenue over expenses in the period in which they become known.

1. Significant accounting policies (continued):

(c) Measurement uncertainty (continued):

Loans and interest receivable must be evaluated to consider if any estimate of impairment in the recoverability of these assets needs to be recorded. Other significant items subject to such estimates and assumptions include the carrying amounts of property and equipment, land held for future church development, land held for resale, and provisions for impairment of trade accounts receivable and loans receivable. Actual results could differ from these estimates.

(d) Financial instruments:

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in excess of revenues over expenses. All other financial instruments are reported at amortized cost, unless management has elected to carry the instruments at fair value. The District has not elected to carry any such financial instruments at fair value. Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs. These costs are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the District determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the District expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

(e) Cash and cash equivalents:

Cash includes cash on hand in banks and bank overdrafts. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, with original maturities of three months or less and that are subject to an insignificant risk of change in value. The District currently holds no cash equivalents.

(f) Land held for future church development:

Property held for future church development is recorded at cost. Cost includes property acquisition cost plus related legal, consulting, engineering fees, demolition costs, renovation costs and the non-recoverable portion of goods and services tax paid.

1. Significant accounting policies (continued):

(g) Property and equipment:

Purchased property and equipment is recorded at cost. Contributed property and equipment is recorded at fair value at the date of contribution. Amortization is accrued on a straight-line or declining balance basis over the asset's estimated useful life, beginning in the year the asset is put into use, at the following rates:

Buildings	6%	declining balance method
Electronic equipment	50%	declining balance method
Furniture and fixtures	20%	declining balance method
Leasehold improvements	6 years	straight-line method
Website	5 years	straight-line method

The carrying amount of an item of property and equipment is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset’s carrying amount is not recoverable and exceeds its fair value.

(h) Contributed materials and services:

Contributed materials and services used in the normal course of the District operations that would have otherwise been purchased are recognized when the fair value can be reasonably determined. Volunteers contribute significant hours to assist the District in carrying out its activities. Because of the difficulty of determining their fair value, contributed volunteer services are not recognized in the financial statements.

(i) Government assistance:

Government assistance related to current expenses and revenue is included in the determination of deficiency of revenue over expenses for the period within Government subsidies.

2. Entities having mutual objectives:

The District is a named beneficiary of the Christian Publications Trust ("CPT"). CPT is an irrevocable discretionary trust established in 2005 primarily for the benefit of the District, and secondarily, any other charity registered in Canada as determined from time to time by the Trustees of CPT. Due to the structure of CPT, it is not a related party of the District. However, because the District is a named beneficiary of CPT, the District has an economic interest in CPT and all its resources.

CPT owns 100% of the shares of WCD Investments Ltd. ("WCD") and 99.99% of the WCD Developments Limited Partnership ("LP"). LP acquired a 50% interest in Springborough Plaza Joint Venture Ltd. (the "Joint Venture"), a Joint Venture whose purpose is to develop, lease and manage a retail and office complex in southwest Calgary.

As a result of distributions by the Joint Venture, LP had surplus cash which it advanced to the District. The District owes LP $409,470 (2022 – $4,230,575) at June 30, 2023. The amounts due to LP bear interest at RBC prime interest rate minus 0.5% per annum, are unsecured, and without repayment or maturity terms.

The District has leased office space in the complex (note 14(c)) at rates based on market rental value. In order to ensure it had office space available in the complex when construction was completed, the District provided a joint and several guarantee to the bank to secure a portion of the financing arranged with the Joint Venture's financial institution (note 15(b)).

All transactions with these entities have been recorded at their exchange amounts, which are the consideration in cash agreed upon by the parties.

3. Loans receivable:

Loans receivable consist of loans provided to member congregations for any land acquisition, building or renovating of church facilities or interim working capital. The loans are secured by promissory notes bearing interest at RBC's prime interest rate plus 0.5% per annum. The effective interest rate at June 30, 2023 was 7.45% (2022 – 4.20%). The loans require monthly installments of principal and interest based on negotiated amortization terms over a maximum of 15 years. The congregation has the right to prepay additional principal without penalty.

3. Loans receivable (continued):

For some construction loans, the District may grant an interest-free period for a limited amount of time during the planning and initial construction phase. In addition, in certain situations, the District has permitted interest to be capitalized on some loans. Interest capitalized on loans during the year amounted to $131,937 (2022 – $361,412), which is included in interest revenue reported of $2,057,370 (2022 – $1,519,570).

Loans receivable consist of the following:

	Qty.	2023	Qty.	2022
Loan purpose:				
Acquisition and construction	42	$ 36,156,196	37	$ 45,918,125
Interim working capital	5	300,101	4	498,043
Home relocation	2	54,883	2	55,483
Impairment of loans receivable		(116,024)		(215,000)
	49	$ 36,395,155	43	$ 46,256,651
Loan concentration:				
Loans greater than $2M	5	$ 17,887,193	7	$ 31,577,971
Loans less than $2M	44	18,623,987	36	14,893,673
Impairment of loans receivable		(116,024)		(215,000)
	49	$ 36,395,155	43	$ 46,256,651
Loan by geographical area:				
Calgary region	17	$ 12,471,909	14	$ 22,070,080
Edmonton region	11	15,483,676	9	15,119,290
Fort McMurray, Grande Prairie, and Lethbridge	2	3,271,830	2	3,517,577
Elsewhere in Alberta	19	5,283,764	18	5,764,704
Impairment of loans receivable		(116,024)		(215,000)
	49	$ 36,395,155	43	$ 46,256,651

The District reserves the right to replace the loans receivable with financing provided by the Royal Bank of Canada at any time. Notwithstanding the demand feature, estimated loan principal payments on the basis of the loan amortization schedules are as follows:

3. Loans receivable (continued):

	2023	2023
Within one year	$ 4,964,477	$ 5,919,499
Beyond one year	31,546,702	40,552,152
Impairment of loans receivable	(116,024)	(215,000)
	$ 36,395,155	$ 46,256,651

A loan loss provision of $116,024 (2022 – $215,000) has been made in respect of the loans receivable in relation to the District's operating loans (note 16(a)). However, in respect of capital loans receivable (acquisition and construction), no loan loss provision has been made as the District is registered on title as owner of the property securing the loan, which, in the absence of any significant decline in fair market value, ensures the recoverability of loans outstanding.

In addition, loans receivable includes loans provided to various employees to assist with home relocation upon commencement of their employment with the District. The interest-free loans are secured by a caveat registered on the title of the property, and a promissory note repayable upon termination of employment or the sale of the home.

4. Land held for future church development or resale:

From time to time the District becomes aware of land available for sale, which is considered to be useful in accomplishing strategic church development in the future. A summary of the land inventory is as follows:

	Qty.	2023	Qty.	2022
Land held for future church development				
Land acquisition costs	4	$ 12,356,115	4	$ 4,954,151
Carrying costs		456,929		549,626
	4	$ 12,813,044	4	$ 5,503,776

4. Land held for future church development or resale (continued):

Effective June 5, 2023, the District received a transfer of land from one of its member congregations at a fair market value in the amount of $7,300,000 in exchange for the forgiveness of the related loan. As a result of the transfer, the district has reflected the land as an increase to its land held for future church development within the fund balances on the statement of financial position. In addition, this transaction resulted in a loan forgiveness amount of $1,240,902 reflected in the statement of operations.

	Qty.	2023	Qty.	2022
Land held for resale				
Land acquisition costs	1	$ 4,353,060	1	$ 1,535,413
	1	$ 4,353,060	1	$ 1,535,413

During the fiscal year, the District adopted a formal plan to dispose of property that was previously held in property and equipment. Therefore, the land and buildings were transferred to land held for resale with the sale to be finalized during the subsequent year end. The property was recorded in the District's financial statements for $4,353,060 (2022 – $1,535,413). Additionally, the property included in the prior year's balance of $1,535,413 was sold as of October 2022.

5. Property and equipment:

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land	$ 421,000	$ –	$ 421,000	$ 1,735,000
Buildings	1,247,841	183,839	1,064,002	4,314,177
Electronic equipment	267,533	225,067	42,466	77,097
Furniture and fixtures	95,058	84,629	10,429	13,036
Leasehold improvements	15,142	12,465	2,677	3,408
Website	17,420	17,420	–	–
	$ 2,063,994	$ 523,420	$ 1,540,574	$ 6,142,718

6. Bank lending facility:

(a) Credit Facilities:

The governance document, Local Church Constitution of The Christian and Missionary Alliance in Canada, in Section 12.1, provides that ownership of any land purchased, and any property constructed or renovated by a member organization is typically registered in the name of the District. To create access to financing required by member organizations to purchase land and property, the District has negotiated Credit Facilities with RBC.

RBC has agreed to provide the following maximum limits under the following credit facilities:

Facility # 1 – Revolving demand facility	$	20,000,000
Facility # 2 – Letter of credit	$	776,000
Facility # 3 – Letter of credit	$	10,000
Facility # 4 – Revolving term facility	$	10,000,000
Other facilities - Corporate Visas	$	100,000

The above facilities are available to the District to finance general operating requirements. Facility #1 bears interest at RBC's prime interest rate per annum (Relationship-Based Pricing "RBP") and is repayable on demand.

Facility #2 and facility # 3 relate to letters of credit totaling $361,000, out of a total of $786,000, for the purpose of supporting three commitments of member organizations. During the period of time the letters of credit are outstanding, these amounts reduce the amount the District can borrow under the revolving demand facility and the District is contingently liable for these letters of credit.

Facility # 4 is available by way of a series of term loans:

a. Relationship-Based Pricing ("RBP") loan available for a maximum term of five years from the date of advance. Payment schedule for each applicable loan will be amortized over a maximum period of 15 years from the date of advance. Loan bears interest at RBP plus interest rate per annum to be determined by RBC at the time of the advance.

b. Fixed rate term loans available for a maximum term of five years from the date of advance. Payment schedule for each applicable loan will be amortized over a maximum period of 15 years from the date of advance. Loan bears interest at a fixed rate per annum determined by RBC at the time of the advance.

c. Variable rate RBP loan where the WCD elects to pay interest only for the first three years (construction loans).

d. Letters of guarantee or letters of credit in Canadian currency.

6. Bank lending facility (continued):

Other facilities:

e. Corporate Visa facilities available to the District to a maximum of $100,000.

f. Interest rate and commodity derivatives outstanding at any time and from time to time.

The District has provided a collateral mortgage on certain lands totaling $36.0 million and a General Security Agreement in favour of RBC, in order to secure the Credit Facilities. The Credit Facilities are intended to be substantially for the benefit of member congregations. While ownership of the majority of land and property used by member congregations is registered in the District's name, these assets and any related financing on the assets are not included in these financial statements because the congregation has the beneficial use of the property and responsibility to maintain and pay all operating costs, including any principal and interest repayments required.

(b) Centralized Banking Agreement:

In addition to the Credit Facilities, the District, in conjunction with member organizations which choose to participate, entered into a bank overdraft agreement with RBC, referred to as a Centralized Banking Agreement. Under this Centralized Banking Agreement, the District is enabled to obtain advances from RBC to the extent of the aggregate amount of cash held in the participants' operating accounts, also known as Consolidated Offset Balance (“COB”). This Agreement allows the District to reduce its borrowing under the revolving demand facility of the Credit Facilities.

RBC does not charge interest on bank overdraft amounts advanced to the District under this Agreement.

7. Future health care and dental benefits:

The District provides eligible employees of members of the District, as well as District employees, with group plans for life insurance, accidental death and dismemberment insurance, short term and long-term disability insurance, and health care and dental benefits. The life insurance, accidental death and long-term disability plans are purchased from an independent group insurance provider.

To control costs while preserving benefits, the District participates in a plan providing the health care and dental benefits through an insurance company that administers the plans for a fee of 19% of claims approved. The District determines the fees charged to participants for the health care and dental benefits insurance.

7. Future health care and dental benefits (continued):

Prior to 2022, the District maintained a provision for health and dental claims; however, as the District provided a dental premium holiday to its member churches for a number of months in 2020 and tripled the claim coverage for psychology and counselling services on a per-member basis (effective January 1, 2021), the provision has been depleted. The District has a receivable of health care and dental benefits in the amount of $81,604 (2022 – $6,743), as the premiums charged were lower than the claims and fees. Therefore, the District will make the necessary adjustments during the subsequent fiscal year to clear this receivable.

A summary of premiums collected, payments to the insurance company, and the change in the provision for future benefits payable is as follows:

	2023	2022
Health care and dental premiums	$ 1,924,004	$ 1,680,666
Premiums received from plan participants	601,601	565,011
	$ 2,525,605	$ 2,245,677
Health care and dental claims	$(1,998,864)	$ (1,744,415)
Life, accidental death, long-term disability claims	(601,601)	(565,011)
	$(2,600,465)	$ (2,309,426)
Deficit of premiums paid over costs	$ (74,861)	$ (63,749)
Provisions, beginning of year	(6,743)	57,006
Provisions, end of year	$ (81,604)	$ (6,743)

As the District does not have any beneficial interest in any excess amount of provision over claims until the health care and dental plans have been terminated, the premiums collected, and the claims paid have not been included in the District's statement of operations.

8. Demand deposits payable:

The District accepts loans for deposit from member congregations of the District and individuals and companies associated with the District. These loans are memorialized in written promissory notes, which are repayable on demand. The promissory notes bear interest at RBC’s prime interest rate less 0.5% per annum, which is payable annually. The effective interest rate at June 30, 2023 was 6.45% (2022 – 3.20%). As all the loans are payable on demand, the total outstanding has been presented as a current liability.

8. Demand deposits payable (continued):

No assets of the District have been pledged as collateral to secure repayment of these loans.

A summary of demand loans payable is as follows:

	Qty.	2023	Qty.	2022
Individuals:				
Deposits greater than $200,000	6	$ 7,935,907	5	$ 8,001,135
Deposits less than $200,000	18	553,241	16	1,209,649
	24	$ 9,167,847	21	$ 9,210,784
Churches/Camps	56	$ 15,955,813	53	$ 14,664,309
Other	2	553,241	2	591,703
	58	$ 9,167,847	55	$ 15,256,012
	82	$ 25,676,900	76	$ 24,466,796

Interest expense on the above loans recorded on the statement of operations amounted to $1,335,241 (2022 – $607,013) and capitalized interest recorded on the statement of financial position amounted to $644,412 (2022 – $507,227). Both interest expense and capitalized interest are affected by the timing of new loan deposits and withdrawals, the loan's anniversary date, and interest rates.

Interest expense on the Credit Facilities recorded on the statement of operations amounted to $3,636 (2022 – $42,712).

9. Contributions:

	2023	2022
District Operating Fund:		
Unrestricted	$ 1,631,165	$ 1,590,691
	$ 1,631,165	$ 1,590,691
New Ventures Fund:		
Unrestricted	$ 278,931	$ 298,306
	$ 1,910,096	$ 1,888,997

10. Government assistance:

The Government of Canada created the Canada Emergency Wage Subsidy ("CEWS") and the Canada Emergency Rent Subsidy ("CERS") to provide wage and rent assistance to companies who experienced a drop in revenues resulting from the COVID-19 pandemic. During the year, the District received $nil (2022 – $62,189) in CEWS and CERS. The 2022 amount was recognized as government subsidies revenue on the statement of operations for the year ended June 30, 2023.

11. Subsidies and grants:

	2023	2022
Subsidies to churches:		
Operating Fund	$ 15,859	$ 285,734
New Ventures	266,641	130,842
	282,500	416,576
Grants to individuals:		
Operating Fund	70,472	54,166
	$ 352,972	$ 470,742

12. Pension costs:

Employees of the District are members of a defined contribution pension plan operated by the denomination. During the year, the District contributed $69,915 (2022 – $59,185) to the plan and this has been recorded in salary and benefits on the statement of operations. As the plan is a defined contribution plan, there is no potential for a contingent liability.

13. Transactions with entities having mutual objectives:

The following is a summary of the District's transactions with entities having mutual objectives:

	2023	2022
Members of WCD C&MA		
Member contributions received (note 9)	$ 1,910,096	$ 1,888,997
Loan interest (note 3)	2,057,370	1,519,570
Group health and dental premiums collected (note 7)	2,525,605	2,245,678
Group liability insurance premiums collected	213,504	215,513
Subsidies, relief provided (note 11)	(352,972)	(470,742)
Interest paid on deposits	(848,382)	(337,804)
Group health and dental premium utilized (note 7)	(2,600,465)	(2,309,427)
Group liability insurance premium utilized	(213,504)	(215,513)
	$ 2,691,252	$ 2,536,272
Christian Publications Trust		
Beneficiary of the Trust		
Income earned	$ 236,963	$ 75,000
WCD Developments Limited Partnership		
99.99% owned by CP Trust		
Interest paid on deposit	$ (135,637)	$ (85,554)

Effective December 31, 2020, the District had building, land, and office equipment transferred from one of its member congregations at net book value in the amounts of $1,205,805, $421,000, and $2,247, respectively. As a result of the transfer, as of June 30, 2021, the District reflected the building and office equipment as an increase to its deferred capital contributions and reflected the land as an increase to invested in property and equipment within the fund balances on the statement of financial position. Amortization for the year ended June 30, 2023, was $67,915 (2022– $72,250) and $318 (2022 – $397) recorded on the building and office equipment, respectively.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

14. Commitments:

(a) Operational subsidies:

The District has committed to providing subsidies to 7 member churches and affiliated organizations to assist with identified ministry and program development.

2024	$ 173,456
2025	82,208
2026	12,420
	$ 268,084

(b) Pre-approved capital loans:

The District approves loans to its member churches for their capital expansion/renovation. Once approved, the member church can request draws on the loan for the approved capital project as needed. Therefore, there are funds committed by the District on these undrawn loans. At June 30, 2023, the District approved undrawn loans to one member organization totaling $675,000 (2022 – $3,084,642).

(c) Office lease:

The District has entered into a lease for office premises to September 30, 2027. The lease terms are reflective of fair market value. Annual base rent for the duration of the lease, excluding the District's share of operating costs, are as follows:

2024	$ 166,625
2025	166,625
2026	170,656
2027	172,000
Thereafter	–
	$ 675,906

15. Contingent liabilities:

(a) Under the Credit Facilities (note 6) the District is jointly and severally liable with certain member organizations with respect to any mortgages and loans received under the Credit Facilities. The loans or mortgages are secured by the properties mortgaged, which are registered in the name of the District but for which the member organizations have exclusive use. As these mortgages and loans are serviced by the member organizations, they are considered by management of the District to be direct liabilities of the member organizations and consequently not reported in these financial statements. At June 30, 2023, outstanding amounts borrowed by member organizations under the Credit Facilities totaled $nil (2022 – $nil).

(b) The District has provided a joint and several guarantee to the Joint Venture's bank as additional security for the bank financing packages obtained originally in November 2010 and renewed in December 2020. This is mortgage financing of a commercial retail and office complex (note 2). The guarantee is limited to $2,813,000 out of the total financing of $26,750,000 and is for the current 5-year term of the mortgage expiring on December 2025.

16. Financial instruments:

The District is exposed to various risks through its financial instruments and has a risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the District's risk exposure and concentration as of June 30, 2023.

(a) Credit risk:

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The District is exposed to credit risk from its member churches in accounts receivable, interest receivable, and loans receivable. To reduce its credit risk, the District lends only to its members, reviews its member's financial health before extending credit, and conducts reviews of its members' ministry and credit performance. In addition, the District is registered on title as the owner of the property or the construction project on all the loans issued, except for those member churches who have been created as separate societies (note 1). Exposure to concentrations of credit risk is reduced because of the geographical distribution throughout Alberta of the borrowing members (note 3). An allowance for doubtful accounts in the amount of $116,024 (2022 – $215,000) has been established based upon factors surrounding the credit risk of certain operating loans (note 3).

16. Financial instruments (continued):

(b) Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The District is exposed to this risk mainly in respect to its demand deposits payable to its member organizations and associated organizations and individuals (note 8). Should the need arise to refinance members' loans receivable or repay demand deposits payable, the willingness of RBC to replace those members' loans (note 3), and, should the need arise, the District's ability to sell its land held for future church development (note 4) would have a direct impact on the ability of the District to meet its obligations. The District reduces this risk by maintaining a Master Lending Agreement and Centralized Banking Agreement with RBC (note 6).

(c) Interest rate risk:

The District is exposed to interest rate risk primarily through its floating interest rate loans receivable (note 3), banking lending facility (note 6), and demand deposits payable (note 8). The District reduces the risk of interest rate fluctuations by basing all loans receivable and deposits payable on the interest rate changes to the banking lending facility rate and matching any increase/decrease in demand deposits payable and bank credit facilities to increases/decreases in loans receivable, in order to offset interest rate risk.

17. Prior period restatement:

Certain comparative amounts have been restated from those previously presented to conform to the presentation of the 2023 financial statements.

The District has made changes to the presentation of the June 30, 2022 cash flow statement as follows:

(i) Impairment of loans receivable previously reported under cash provided by (used in) investing has been reclassified to cash provided by (used in) operations - items not involving cash.

(ii) Capitalized interest on loans receivable previously reported under cash provided by (used in) investing has been renamed interest reinvested in loans receivable and has been re-classified to cash provided by (used in) operations - items not involving cash.

(iii) Capitalized interest on deposits payable previously reported under cash provided by (used in) financing has been renamed interest reinvested in demand deposits payable and has been re-classified to cash provided by (used in) operations - items not involving cash.

(iv) Bank overdraft reclassified as financing activity from cash and cash equivalents.

17. Prior period restatement (continued):

The above adjustments resulted in the following changes to the 2022 comparative financial statements:

	As previously reported June 30, 2022	Impact of change in presentation of cash flows	Restated June 30, 2022
Operating:			
Items not involving cash			
Impairment of loans receivable	-	20,000	20,000
Interest reinvested in demand deposits payable	-	507,227	507,227
Interest reinvested in loans receivable	-	(361,412)	(361,412)
Total change to Operations	-	165,815	165,815
Financing:			
Capitalized interest	507,227	(507,227)	-
Bank overdraft repaid	-	(992,471)	(992,471)
Total change to Financing	507,227	(1,499,698)	(992,471)
Investing:			
Capitalized interest	(361,412)	361,412	-
Impairment of loans receivable	20,000	(20,000)	-
Total change to Investing	(341,412)	341,412	-
Net total changes to Cash flow statement	**165,815**	**(922,471)**	**(826,656)**
Cash and cash equivalents:			
Beginning of the year	(12,479,133)	12,715,328	236,195
End of the year	(11,395,372)	11,722,857	327,485