

# ANNUAL REPORT

## SUPPLEMENTAL DOCUMENT



**Vernon Alliance Church Annual General Meeting**  
**Tuesday September 26, 2023 -7pm**  
**Agenda**

**1. Welcome, Opening Comments and Prayer**

**2. Adopt Agenda**

- Motion: "To adopt the agenda of the 2023 Vernon Alliance Church Annual General Meeting"

**3. Approval of Minutes**

- **VAC AGM September 25, 2022**
  - Motion: "To approve the minutes of the 2022 Vernon Alliance Church Annual General Meeting as recorded"
- **VAC Special General Meeting March 19, 2023**
  - Motion: "To approve the minutes of the March 2023 Vernon Alliance Church Special General Meeting as recorded"

**4. Nominating Committee Report**

**5. Elections**

**6. Lead Pastor Report**

**7. Approval of Reports:**

- Motion: "To adopt the 2023 Vernon Alliance Church Annual Report as presented"

**8. Presentation of Financial Statement for the fiscal year July 1, 2022, to June 30, 2023**

- Motion: "To adopt the (unaudited) KPMG financial statements for the fiscal year July 1, 2022, to June 30, 2023"

**9. Appoint External Financial Review**

- Motion: "To accept the recommendation from the financial review committee to appoint KPMG as our Independent Review Practitioners for the purpose of reviewing our annual financial statements for the July 1, 2023, to June 30, 2024, fiscal year"

**10. Presentation of the Financial Budget for 2023-24**

**11. Election results**

**12. Destroy Ballots**

- Motion: "To destroy ballots"

**13. Acknowledge our exiting Elders**

**14. Commissioning Prayers for Newly Elected Elders**

**15. Adjournment of AGM**

- Motion: "To adjourn the 2023 Vernon Alliance Annual General Meeting"

**16. Closing Prayer**

**Vernon Alliance Church Annual General Meeting**  
**Sunday, September 25, 2022 - 6pm**  
**Minutes from 2022**

**Hosted:** Jasmain Parr

**Presenters:** Jason Koleba and Wilf Haak

**Members in attendance:** 62, plus an additional 10 persons not currently members.

**1. Welcome, Opening Comments, and Prayer (Jas Parr)** – The meeting was called to order officially at 6:03 pm.

**2. Adopt Agenda - Motion:** “To adopt the agenda of the 2022 VAC Annual General Meeting”  
**Moved:** Evan Winkelar      **Seconded:** Andy Nyhuis.      **Motion Carried**

**3. Approval of Minutes (Jas Parr) -**

**a. VAC AGM June 16, 2021 -**

**Motion:** “To approve the minutes of the 2021 VAC Annual General Meeting as recorded.”

**Moved:** Richard Swanton      **Seconded:** Trudy Kemper      **Motion Carried**

**b. VAC SGM Nov 24, 2021, SGM -**

**Motion:** “To approve the minutes of the Nov 24, 2021, VAC Special General Meeting as recorded”

**Moved:** Jan Winkelaar      **Seconded:** Mel Reimer      **Motion Carried**

**4. Nominating Committee Report (Jason Koleba)** – Jason explained the process and who was involved in the process. He expressed gratitude for the team’s dedication. During the Nominating Committee Report Jason expressed a great thankfulness to the outgoing elders who served during the past season. High praise went to Gary Hertgers, as well as Glenn Lewis who stepped down halfway thru last year.

Jasmain communicated that the Nominating Committee had recommended two individuals; however, our bylaws allow for floor nominations from the membership. Jasmain asked if there were any nominations from the floor. Hearing none, Helen Gutknecht and Allison Witovet were acclaimed as the Nominating Committee members.

**5. Elections:** Moving forward with the elder nominations. Jas explained the process for election of the nominated members.....stay tuned.

**6. Lead Pastor Report (Jason Koleba)** – Jason summarized a few areas of his Lead Pastor report. Giving kudos to Kim for putting the report together. Jason acknowledged the past season, with thanks to Trudy and the Youth interim team. Jason gave a quick breakdown of the current staff with a slide on the screen. He also explained each staff’s current role. Highlights from the year were the Listening Initiative, and the process that was undertaken, the results we have achieved, as well as next ongoing steps. The next season will be focused on the themes of foundation, missions, discipleship, and direction.

**7. Approval of Reports:** Lead Pastor, Elders, Treasurer, and Nominating Committee - (Jas Parr)

**Motion:** “To adopt the 2022 annual report as presented”

**Moved:** Jason Koleba

**Seconded:** Howie Anhorn

**Motion Carried**

## **8. Present Financial Statement for Year Ending June 30th, 2021, and June 30th, 2022**

(Wilf Haak) – Wilf explained the work of the financial committee, made up of Wilf Haak, Jasmain Parr, Brian Kroeker, Kelly Johnson with support from Trudy Kemper. Wilf emphasized the local amount of benevolent funds as well as the mortgage being paid off! We have increased the missions giving by 23%.

**Motion:** “To adopt the (unaudited) KPMG financial statements for the fiscal year ending June 30, 2021, and June 30th, 2022.”

**Moved:** Wilf Haak

**Seconded:** Barb Nudd

**Motion Carried**

## **9. Appoint external financial Review (Wilf Haak)**

**Motion:** “To accept the recommendation from the financial review committee to appoint KPMG as our Independent Review Practitioners for the purpose of reviewing our annual financial statements for the July, 2022–June, 2023 fiscal year”.

**Moved:** Wilf Haak

**Seconded:** Gord Molendyk

**Motion Carried**

Trudy commented of the outstanding amount KPMG did to jump through hoops to prepare the reports for the current year.

**10. Present Financial Update and Budget 2022-2023 (Wilf Haak)** - Wilf explained the new process of the budget and the pie chart explaining the budget categories.

**11. Election results** – Jasmain announced both candidates have been elected by the membership to the Board.

## **12. Destroy Ballots - (Jas Parr)**

**Motion:** “To destroy the ballots”

**Moved:** Jasmain Parr

**Seconded:** Trudy Ramsey

**Motion Carried**

**13. Commissioning Prayer for Newly Elected Elders** – Tuck Warner led a prayer for Len and Barb for discernment in this next season.

## **15 Adjournment of AGM - (Jas Parr)**

**Motion:** “To adjourn the 2022 VAC Annual General Meeting”

**Moved:** Darren Kroeker

**Seconded:** Mya Parr

**Motion Carried**

## **16. Closing Prayer – (Jason Koleba)**

The meeting concluded at 7:25pm.

**Vernon Alliance Church Special General Meeting Minutes**  
**Sunday, March 19, 2023**  
**12pm-Noon**  
**Location: Church Sanctuary**

Board Chair: Len Wedell, Vice Chair/Secretary: Jasmain Parr, Other Presenters: Darren Kroeker, Kelly Johnson

1. Welcome
2. Prayer
3. Adoption of agenda

Motion: "To adopt as presented"

Moved: Evan Winkelaar      Seconded: Ian Jakobi      Motion Passed

4. Present Purchase Information

5. Motion

MOTION - The Board of Elders of Vernon Alliance Church is recommending the purchase of 2603 43rd Ave in Vernon, BC for \$475,000 through using existing Vernon Alliance Church savings and obtaining a loan of up to \$195,000 through Christian and Missionary Alliance - Canadian Pacific District.

Moved: Roy Bouman      Seconded: Chris Reeves

6. Voting

7. Results

1. 85 in Favour, 0 Against, 0 Abstained
2. Motion Passed.

8. Adjournment - Motion to adjourn SGM - Moved by Jocelyn Dinwoodie, Second Daniel Draht. Motion Passed.

# Report of the 2023 Nominating Committee

## Overview

The 2023 Nominating Committee consisted of Len Wedel, Roy Bouman, Helen Gutknecht and Allison Witvoet and was chaired by Jason Koleba. In our meetings, we reviewed all relevant documentation related to the nomination of elders, including key scriptures, bylaws, and recommended best practices. We also had a season of prayer and invited many praying people within the church to support us.

Our bylaws stipulate that a board member may serve a maximum of two consecutive terms of three years. At the conclusion of their second term, an elder is not eligible for re-election for one year.

Elder concluding second three-year term:

- Darren Kroeker
- 

Elders concluding first three-year term:

- Roy Bauman
- Wilf Haak

Current Elders:

- Shelley Reeves – Second term (3<sup>rd</sup> year)
- Jas Parr - First term (3<sup>rd</sup> year)
- Keith Schiehl - First term (3<sup>rd</sup> year)
- Len Wedel - First term (2<sup>nd</sup> year)
- Barbara Nudd - First Term (2<sup>nd</sup> year)
- Jason Koleba - Lead Pastor

## Nominations to the Board of Elders

The current board has set the number of elders at nine (9) including the Lead Pastor. It directed the Nominating Committee to search for 3 eligible members willing to serve a 3-year term. After prayer and discernment, the Nominating Committee would like to recommend the following members as nominees to the Board of Elders:

- Devon Carbol
- Barb Elgin
- Steve Willett

According to our bylaws, additional nominations may be made by any two or more active members by submitting the name in writing on an approved nomination form to the Lead Pastor for posting by September 12, 2023 (two weeks prior to the AGM). The proposed nominee must consent to being nominated before a nomination form is submitted.

## Nominations to the 2024 Nomination Committee

The Nomination Committee also nominates the following two members to serve on the 2024 nomination committee:

- Brenda Richards
- Dixon Zalit

### Conclusion

I want to thank the Nominating Committee for their diligence and prayer throughout this process. I would also like to thank the Board of Elders for their consistent service and prayer on behalf of our church family—your leadership is invaluable to us. Of special note, I would like to express our deep appreciation to Darren Kroeker, Roy Bouman and Wilf Haak for their leadership and commitment to this body. You have served faithfully and sacrificially and we are deeply grateful for each of you.

Respectfully submitted,  
Jason Koleba  
Chair of the 2023 Nominating Committee

## 2023 Elder Nominees

### Steve Willet



Although I was raised in a loving Christian environment in Birmingham, England, I didn't really see the necessity of giving my life to Christ until I turned 17 years old. A year later, I underwent baptism, and ever since then, I've made an effort to follow and serve the Lord faithfully. After starting my work as a chemical engineer, I moved to West Wales, where I met my wife, Lesley. We recently celebrated our 35th wedding anniversary. Here at Vernon Alliance and at The Way in Vancouver, our two married children and two wonderful grandkids are all walking closely with the Lord. I spent the majority of my career with Chevron in a variety of engineering and leadership positions in the refining sector, working across six nations and four continents before retiring and relocating to Vernon in 2020, where we were inspired to join Vernon Alliance.

We interpreted each move as the Lord providing us with new opportunities to serve, learn about, and engage with individuals from various racial, religious, and cultural backgrounds. This in turn gave us the desire to help others in need all around the world and created chances for us to share our faith and the love of Christ.

We have participated in a variety of ministries over the years, including guiding youth, worship, small groups, outreach, welcoming, mentoring, and even helping to start a church in Thailand. We now call Vernon Alliance our church home, and in order to meet new people, we recently began ushering. We also serve on the Global Missions Leadership Team, lead a small group, and joined the 55+ Leadership Team. As we attempt to share the gospel and strengthen the body of Christ in any manner we can, our objective has always been to serve with all of our hearts wherever the Lord leads us. The Vernon Alliance family has welcomed us with open arms, and we are excited about the prospects that lie ahead.

### Barb Elgin



I've been married to Bob for 45 years. Our family currently consists of three adult children: Sean, Christie, and Matthew, as well as a daughter-in-law, Kaitlyn. I grew up in a small church in a rural Manitoba community and was raised in a loving Christian home. At the age of eight, I made a decision to follow Christ at this church. Since I was a little child, I have always volunteered wherever I could use my skills and interests, especially in the music and children's ministries. Serving in the church has become ingrained in my DNA.

After completing a Diploma in Christian Education at the North American Baptist College and working for several years in Winnipeg, I moved to Victoria, where I met my husband. We became charter members of a church plant in the Victoria area and served in whatever capacity that was needed for a young, growing church. Because of Bob's work, we moved to Edmonton, Regina, and back to Victoria, finally ending up coming to Vernon in 1991 with our young family. The pattern of our lives has always been to become involved in a local church and allow God to use us in whatever capacity He saw fit to place us.

During my 25 years working as a Manager of Learning and Development in the credit union system, I had the privilege of learning under some amazing trainers and teachers. One gentleman, in particular, inspired me to lead and train emerging leaders in our credit union with a servant mindset like Jesus. Now that I'm retired, God has provided me with new avenues of service both at Vernon Alliance and in the local community. I serve on the Board of NexusBC and volunteer as a driver for seniors who need support getting groceries or going to appointments. I also work at Common Threads once a week. Both of these opportunities have allowed me to serve the practical and physical needs of those in my community. This has given me great joy as I've moved into this new chapter of my life. God is never finished providing us with opportunities to serve and love His beautiful creation.



## Devon Carbol



My dad was a tent meeting evangelist/pastor and my mom a church pianist/Sunday school director/choir leader. In this context, I grew up knowing the ways of the Lord and accepted Jesus at an early age. While I would like to say I have lived my Christian walk perfectly, that wouldn't be the reality. And yet, in my quiet time recently, when contemplating the goodness of God and thanking him for his many blessings, he reminded me of the greatest blessing of all: "Aren't you glad I have walked with you your whole life, even in the times when you rejected me and walked away." This is the Lord I love and this is the Lord I endeavour to serve.

Vancouver was my home since the early 1980's and it was there almost 40 years ago that I began a career as a lawyer. I married my wife Rina in 1990, and we raised our four children and attended the same Vancouver church through all those years. Through the examples of others, we learned the importance of sinking roots deeply wherever we find ourselves. That meant fully engaging in our community both in and outside the church. For us, this included assisting in children's ministry and hosting and leading home groups. For me it also included playing bass on worship teams and serving as a board member and treasurer. I also coached many a baseball and soccer team.

In June of 2020 we moved here and quickly made this community and this church our new home. It has been a joy to greet many of you at the door and to attend our home group. A bonus has been playing bass guitar.

Since we are the new kids on the block, I was surprised to be nominated to the board. I also have some hesitation as I have little institutional knowledge. And yet in the short time that we have been attending, getting to know you, and observing our leaders in their united vision to follow where God leads, I am excited to dig in and sink roots deeply wherever I can be of service.

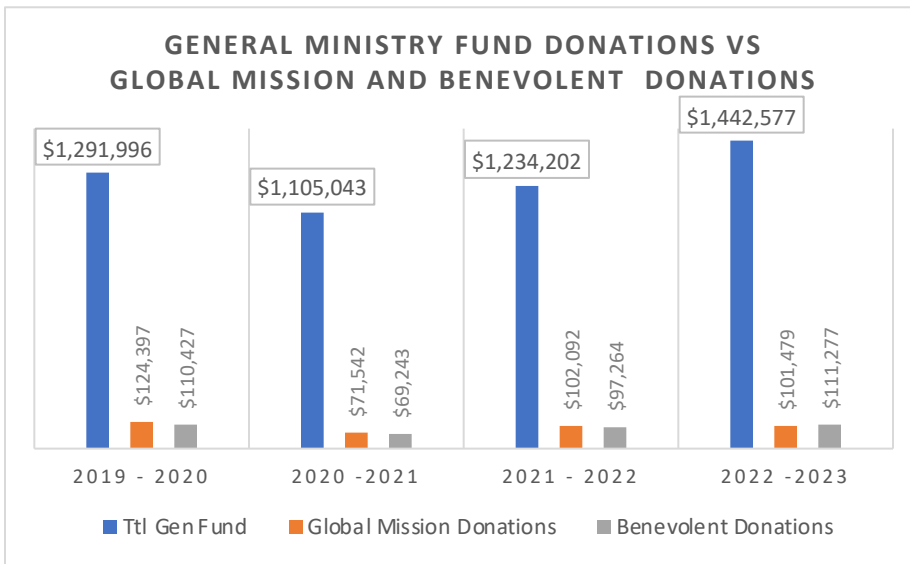
## Finance Review Committee Review Report – AGM 2023

Each year, a Financial Review Committee is established by the Board to review the annual financial statements and findings letter provided by an AGM-appointed Independent Review Practitioner, in this case KPMG. The Financial Review Committee met and reviewed Vernon Alliance's financial statements, which are now available on our website under the **About** section, subsection **Annual Report**.

Our congregation has been faithful in their support of Vernon Alliance Church. This support has advanced many initiatives which we can celebrate.

- The church has been successful in keeping expenses below our revenues.
- That generous giving has allowed for savings towards the Development Fund monies that supported:
  - **Property purchase - \$475,000** (our loan is only \$195,000)
  - **Re-fabric of Sanctuary Seating**
  - **Major repairs including – re-roofing and rebuilding of the Arbour Wall**
- **Benevolent funding** has stayed strong and enabled local missions to reach not only those within our church community but also the surrounding areas developing strong partnerships with non-profit organizations that reduce conditions of poverty:
  - **\$68,000 to local non-profits**
    - NexusBC (Christmas Offering)
    - John Rudy Resource Center (Health Navigation Services)
    - North Okanagan Youth and Family Services
    - Feed the Streets
    - Eagle Bay Camp
    - Upper Room Mission
    - North Okanagan Chaplaincy Project
    - Harwood Elementary
    - Turning Points Collaborative
  - **Local Families supported with School Fees - \$7,087**
  - **Benevolent Committee Intake Requests - \$5,378**
  - **Common Threads Ministry Support - \$8,440**
  - **Counselling Supports - \$3,757**
  - **Christmas Giving Project - \$2,744** (105 families were blessed with gift cards and gifts)
- **Our global mission** partners have been well supported and we can celebrate the support of:
  - **Global Advance Fund - \$49,526**
  - **Christian Missionary Alliance Home Ministries - \$9,711**
  - **Partner Supports - \$44,773**

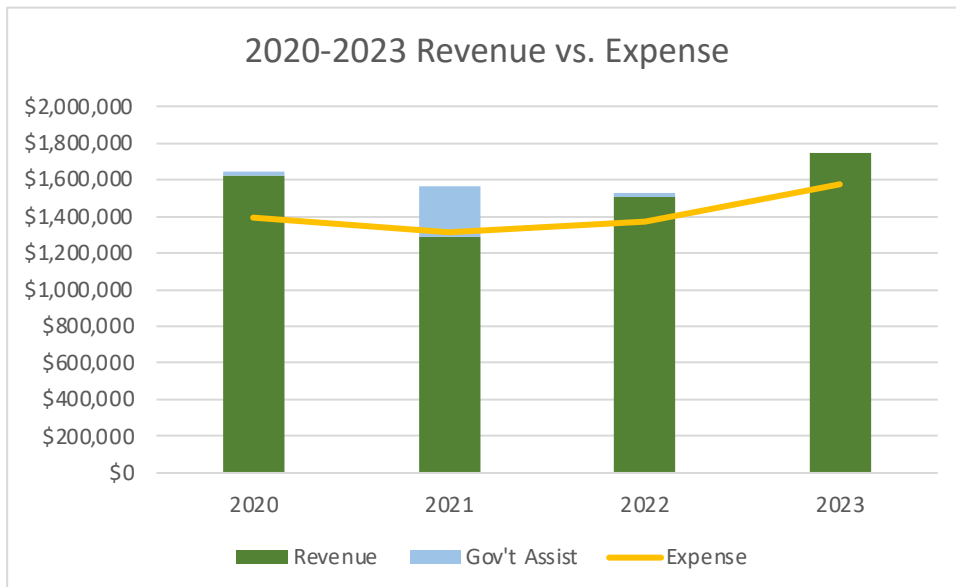
## Global Advance Fund and Benevolent Giving as compared to General Ministry Giving



The above graph shows the total General Ministry Donations compared to the amounts the church receives for the Global Missions and the Benevolent Fund or Local Outreach. This past year, of the monies donated to the general fund and the missions funds, 6% of donations were for Global Missions and 6.7% were donated for Local Outreach.

### Overall Summary

The graph below illustrates an overview of our revenue and expenses for the past four fiscal years. It indicates that our total revenues have increased over that past four fiscal years, enabling us to keep expenses below our income. Past Government Assistance programs during COVID are no longer needed.



## Financial Review Recommendations:

KPMG have concluded that no errors have come to their attention while performing our Review Engagement for the year ending June 30, 2023. The committee recommends the adoption of the (unaudited) KPMG financial statements for the fiscal year ending June 30, 2023.

Many thanks to Barb Nudd, Wilf Haak, Trudy Kemper and Kelly Johnson for their support of the Financial Review Committee.

## **Recommended Motions:**

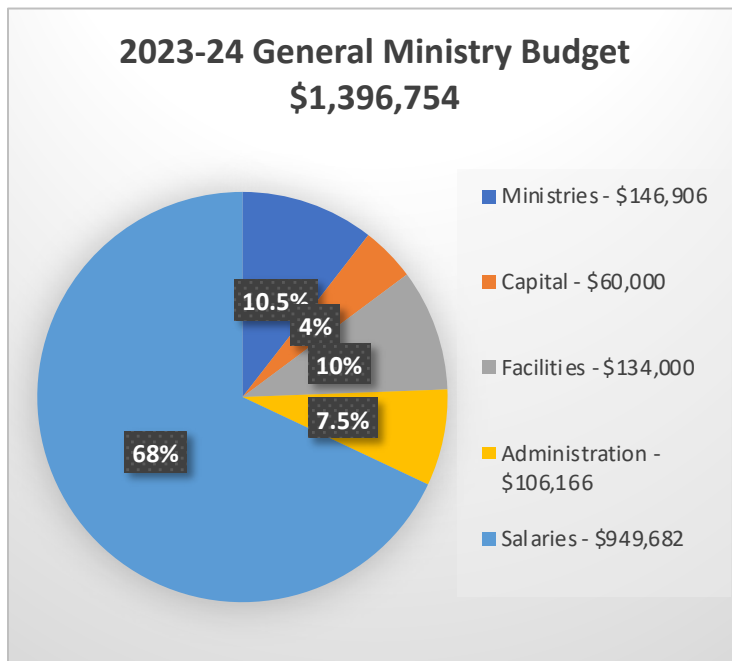
- To adopt the (unaudited) KPMG financial statements for the fiscal year - July 1, 2022 to June 30, 2023.
- To accept the recommendation from the Financial Review Committee to appoint KPMG as our Independent Review Practitioners for the purpose of reviewing our annual financial statement for July 1, 2023 to June 30, 2024 fiscal year.

## 2023 -24 General Ministry Budget:

This budget has been received by the board in accordance with our governance structure. The budget represents use of funds in our General Ministry Funds.

- The overall budget is up 5.4% from last year,
- Ensures that our Ministries are adequately equipped,
- Staff who have been with the organization for more than ½ a year received a 2.5% cost of living allowance – staff salaries now represent 68% of the total General Fund up 3% from last year – we now have 23 full and part-time staff (approximately 16.5 FTEs).
  - It is important to note – that salaries drive our ministries and outreach, the cost of Ministries listed in the table are the administrative costs associated with operating ministries.

The Board believes that this is a modest growth budget that moves us forward as we develop our strategy and action our new vision and mission.



### **Budget Details**

**Ministries:** cost of operating and resourcing ministries

**Capital:** expenditures regarding our fixed assets, such as building, sanctuary lighting and equipment.

**Facilities:** building and grounds maintenance, kitchen supplies and utilities

**Administration:** cost of professional fees, subscriptions, bank fees, postage, and office expenses

**Salaries:** wages and benefits for all full and part-time staff

Financial Statements of

**VERNON ALLIANCE CHURCH**

And Independent Practitioner's Review Engagement Report thereon

Year ended June 30, 2023

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Canada  
Tel 250-503-5300  
Fax 250-545-6440

## **INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT**

To the Members of Vernon Alliance Church

We have reviewed the accompanying financial statements of Vernon Alliance Church, which comprise the statement of financial position as at June 30, 2023, the statement of operations, statement of changes in net assets 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.



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*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 Vernon Alliance Church 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.

Chartered Professional Accountants

Vernon, Canada

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# VERNON ALLIANCE CHURCH

## Statement of Financial Position

June 30, 2023, with comparative information for 2022

	2023	2022
<b>Assets</b>		
Current assets:		
Cash	\$ 534,298	\$ 527,520
Accounts receivable	5,829	3,222
Prepaid expenses	1,395	9,934
Term deposit	2	266,411
	<u>541,524</u>	<u>807,087</u>
Capital assets (note 2)	2,748,420	2,243,725
	<u>\$ 3,289,944</u>	<u>\$ 3,050,812</u>
<b>Liabilities And Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 35,046	\$ 72,982
Designated balances	164,287	168,378
Current portion of long-term debt (note 3)	10,180	-
	<u>209,513</u>	<u>241,360</u>
Deferred capital contributions (note 4)	260,514	278,017
Long-term debt (note 3)	185,169	-
	<u>655,196</u>	<u>519,377</u>
Net assets:		
(Schedule 2)		
Unrestricted	342,191	565,727
Investment in capital assets (note 5)	2,292,557	1,965,708
	<u>2,634,748</u>	<u>2,531,435</u>
Related party transactions (note 8)		
Commitment (note 9)		
	<u>\$ 3,289,944</u>	<u>\$ 3,050,812</u>

See accompanying notes to financial statements.

On behalf of the Members:

\_\_\_\_\_ Elder

\_\_\_\_\_ Elder



# VERNON ALLIANCE CHURCH

## Statement of Operations

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

	2023	2022
Revenue:		
Offerings	\$ 1,442,577	\$ 1,234,202
Missions and other ministries offerings (Schedule 1)	267,502	235,102
Development fund offerings	19,607	26,501
Facilities rental	14,758	7,626
	<u>1,744,444</u>	<u>1,503,431</u>
General and administrative expenses:		
Administration	278,407	194,410
Adult discipleship	146,408	80,135
Benevolent	19,260	74,215
Cross ministry fund	4,652	4,314
Executive leadership	214,408	231,417
Facilities	313,164	204,838
Family ministries	64,123	74,842
IT and creative arts	17,238	48,108
Interest on long-term debt	2,832	-
Library resources	82	-
Mission and other ministries offerings (Schedule 1)	267,502	235,102
Scholarship	-	1,000
Staff development and training	22,299	8,329
World concern	36,064	40,855
Worship and fellowship	114,968	90,080
Youth ministry	72,345	84,325
	<u>1,573,752</u>	<u>1,371,970</u>
Excess of revenues over expenses before the undernoted	170,692	131,461
Other income (expense):		
Amortization of capital assets	(84,881)	(76,466)
Amortization of deferred capital contributions	17,502	19,367
Gain on sale of capital assets	-	830
Government assistance (note 6)	-	25,011
	<u>(67,379)</u>	<u>(31,258)</u>
Excess of revenues over expenses	<u>\$ 103,313</u>	<u>\$ 100,203</u>

See accompanying notes to financial statements.

# VERNON ALLIANCE CHURCH

## Statement of Changes in Net Assets

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

	Unrestricted	Investment in capital assets	Total 2023	Total 2022
Net assets, beginning of year	\$ 565,727	\$ 1,965,708	\$ 2,531,435	\$ 2,431,232
Excess (deficiency) of revenues over expenses	173,523	(70,210)	103,313	100,203
Investment in capital assets	(394,227)	394,227	-	-
Interfund transfers	(2,832)	2,832	-	-
Net assets, end of year	\$ 342,191	\$ 2,292,557	\$ 2,634,748	\$ 2,531,435

See accompanying notes to financial statements.

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# VERNON ALLIANCE CHURCH

## Statement of Cash Flows

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

	2023	2022
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses	\$ 103,313	\$ 100,203
Items not involving cash:		
Amortization of capital assets	84,881	76,466
Gain on sale of capital assets	-	(830)
Amortization of deferred capital contributions	(17,502)	(19,367)
Changes in non-cash operating working capital:		
(Increase) decrease in accounts receivable	(2,607)	12,199
(Increase) decrease in prepaid expenses	8,539	(1,727)
(Increase) decrease in term deposit	266,409	(104,724)
Increase (decrease) in accounts payable and accrued liabilities	(37,936)	35,837
Increase (decrease) in designated balances	(4,091)	(51,644)
	401,006	46,413
Financing:		
Proceeds from long-term debt	196,936	-
Repayments of long-term debt	(1,587)	-
Deferred capital contributions	-	6,460
	195,349	6,460
Investing:		
Proceeds on disposal of capital assets	-	4,163
Purchase of capital assets	(589,577)	(101,528)
	(589,577)	(97,365)
Increase (decrease) in cash	6,778	(44,492)
Cash, beginning of year	527,520	572,012
Cash, end of year	\$ 534,298	\$ 527,520

See accompanying notes to financial statements.

# VERNON ALLIANCE CHURCH

Notes to Financial Statements

Year ended June 30, 2023

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Vernon Alliance Church (the "Church") is a reporting organization in the Canada Pacific District of the Christian and Missionary Alliance in Canada ("CMAC"), which is incorporated under the Society's Act of British Columbia. The Church is a registered charity under the Income Tax Act and is exempt from income taxes provided certain requirements of the Income Tax Act are met.

## 1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Organizations ("ASNPO"). Management's significant accounting policies are as follows:

### (a) Capital assets:

Capital assets consist of property and equipment and are recorded at cost less accumulated amortization. Amortization is provided using the declining balance basis at the following annual rates:

Asset	Rate
Building	3%
Sound studio	10%
Furniture, fixtures and equipment	15%
Computer equipment	25%
Signs	15%

When a capital asset no longer contributes to the Church's ability to provide services, its carrying amount is written down to its residual value, if any.

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.

# VERNON ALLIANCE CHURCH

Notes to Financial Statements (continued)

Year ended June 30, 2023

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## 1. Significant accounting policies (continued):

### (b) Revenue recognition:

The Church follows the deferral method of accounting for contributions.

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.

Externally restricted contributions, including designated balances, are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets that are amortized are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets. Contributions restricted for the purchase of capital assets that will not be amortized are recognized as direct increases to net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

### (c) Financial instruments:

#### (i) Initial measurement:

The Church initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Church is in the capacity of management, are initially measured at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If it does, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the Church in the transaction.

# VERNON ALLIANCE CHURCH

Notes to Financial Statements (continued)

Year ended June 30, 2023

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## 1. Significant accounting policies (continued):

### (c) Financial instruments (continued):

#### (ii) Subsequent to initial measurement:

The Church subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in income in the period incurred. Financial assets measured at amortized cost using the straight-line method include cash, term deposits, trade and other receivables, except for accounts receivable from a company under common control, and notes receivable. Accounts receivable from a company under common control and investments in preferred shares of a private company are recognized at cost. Financial assets measured at fair value include quoted shares.

#### (iii) Transaction costs:

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in income in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instruments measured at amortized cost, transaction costs are recognized in income over the life of the instrument using the straight-line method.

#### (iv) Impairment:

For financial assets measured at cost or amortized cost, the Church determines whether there are indications of possible impairment. When there are, and the Church determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may be 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 in income.

# VERNON ALLIANCE CHURCH

Notes to Financial Statements (continued)

Year ended June 30, 2023

## 1. Significant accounting policies (continued):

### (d) Government assistance:

Government assistance related to current expenses and revenue is included in the determination of net income for the period. Government assistance related to capital expenditures is recorded as reduction of the cost of the related item in capital assets.

### (e) Use of estimates:

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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 items subject to such estimates and assumptions including the carrying value of capital assets. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

## 2. Capital assets:

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 1,019,541	\$ -	\$ 1,019,541	\$ 741,629
Building	2,740,399	1,298,677	1,441,722	1,246,651
Sound studio	46,865	32,550	14,315	15,905
Furniture, fixtures and equipment	876,872	634,706	242,166	172,023
Computer equipment	215,520	184,994	30,526	30,883
Signs	2,000	1,850	150	175
Assets not available for use	-	-	-	36,459
	<u>\$ 4,901,197</u>	<u>\$ 2,152,777</u>	<u>\$ 2,748,420</u>	<u>\$ 2,243,725</u>

The land and buildings are owned by CMAC but are purchased, maintained and operated by the Church.

# VERNON ALLIANCE CHURCH

Notes to Financial Statements (continued)

Year ended June 30, 2023

### 3. Long-term debt:

	2023
Loan with CMAC, bearing interest at 5.5%, interest rate revised May 1st and November 1st of every year, repayable in monthly blended payments of \$1,587. Due March 2038.	\$ 195,349
Less current portion	(10,180)
	\$ 185,169

The long-term debt relates to land and buildings owned by CMAC and purchased by the Church. There is no security listed for the long-term debt.

Principal repayments are due as follows:

2024	\$ 10,180
2025	9,085
2026	9,598
2027	10,139
2028	10,711
Thereafter	145,636
	\$ 195,349

### 4. Deferred capital contributions:

Deferred capital contributions represent the unamortized and unspent amounts of donation received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations on the same basis as the related assets are amortized.

	2023	2022
Balance, beginning of year	\$ 278,017	\$ 290,924
Contributions	-	6,460
Amortization for the year	(17,502)	(19,367)
Balance, end of year	\$ 260,514	\$ 278,017



# VERNON ALLIANCE CHURCH

Notes to Financial Statements (continued)

Year ended June 30, 2023

## 5. Investment in capital assets:

	2023	2022
Capital assets	\$ 2,748,420	\$ 2,243,725
Deferred capital contributions	(260,514)	(278,017)
Long-term debt	(195,349)	-
	<u>\$ 2,292,557</u>	<u>\$ 1,965,708</u>

## 6. Government assistance:

The Church received Government assistance related to the Canadian Emergency Wage Subsidy ("CEWS"), which was part of the initiative launched by the Canadian Government to assist employers to maintain payroll during the COVID-19 pandemic, as follows:

	2023	2022
CEWS	\$ -	\$ 25,011

## 7. Credit facility:

The Church has available a \$300,000 operating line of credit with Vantage One Credit Union. The line of credit bears interest at 0.50% above the credit union's prime lending rate and is secured by a charge against the Church's real property. As at June 30, 2023 the balance on the line of credit is \$nil (2022 - \$nil).

## 8. Related party transactions:

	2023	2022
CMAC National missions and projects	\$ 95,465	\$ 70,255
CMAC District missions and projects	101,767	100,787
Advance to CMAC investment fund	-	100,000
CMAC investment fund income	5,565	4,724
Insurance expenses paid to CMAC	6,075	5,466
Interest expense paid to CMAC	2,832	-
Sponsorships and donations to CMAC's Eagle Bay Camp	26,171	23,225

# VERNON ALLIANCE CHURCH

Notes to Financial Statements (continued)

Year ended June 30, 2023

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## 8. Related party transactions (continued):

Included in accounts payable is \$7,865 (2022 - \$7,455) due to CMAC.

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

## 9. Commitment:

The Church has entered into an operating lease for a photocopier and is committed to minimum annual lease payments as follows:

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2024	\$	9,322
	\$	9,322

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## 10. Employee pension plan:

The Church and its employees contribute to the Alliance Retiral Fund, a multi-employer defined contribution pension plan. The costs are expensed as incurred.

## 11. Financial instruments and concentration of credit risk:

### (a) Concentration of risk:

The Church is heavily dependent on the amount of offerings from the congregation to continue operations. A decline in local or national economic conditions, consumer-spending levels, increased austerity measures, or other adverse conditions could lead to reduced revenue and potential reductions in programming and service levels. There is no change to this risk from 2022.

### (b) Interest rate risk:

The Church is exposed to interest rate risk on its long term debt balance as the interest rate is adjusted twice a year. This is a new risk for 2023.

### (c) Liquidity risk:

Liquidity risk is the risk that the Church will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Church manages its liquidity risk by monitoring its operating requirements. The Church prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There is no change to this risk from 2022.

# VERNON ALLIANCE CHURCH

## Schedule 1 - Mission and Other Ministries Revenue and Expenditures

Year ended June 30, 2023

	2023	2022
Offerings:		
Church ministries	\$ 54,746	\$ 48,960
Benevolent ministries	111,277	97,264
Special missions projects	39,096	34,532
Foreign missions	49,526	42,971
Home missions	9,711	8,479
Other designated offerings	3,146	2,896
Total offerings	\$ 267,502	\$ 235,102
Expenditures:		
Church ministries	\$ 54,746	\$ 48,960
Benevolent ministries	111,277	97,264
Special missions projects	39,096	34,532
Foreign missions	49,526	42,971
Home missions	9,711	8,479
Other designated offerings	3,146	2,896
Total expenditures	\$ 267,502	\$ 235,102

# VERNON ALLIANCE CHURCH

## Schedule 2 - Net Asset Classification of Financial Position

Year ended June 30, 2023

	Unrestricted	Investment in capital assets	Total
<b>Assets</b>			
Current assets:			
Cash	\$ 534,298	\$ -	\$ 534,298
Accounts receivable	5,829	-	5,829
Prepaid expenses	1,395	-	1,395
Term deposit	2	-	2
	541,524	-	541,524
Capital assets	-	2,748,420	2,748,420
<b>Total assets</b>	<b>\$ 541,524</b>	<b>\$ 2,748,420</b>	<b>\$ 3,289,944</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 35,046	\$ -	\$ 35,046
Designated balances	164,287	-	164,287
Current portion of long-term debt	-	10,180	10,180
	199,333	10,180	209,513
Deferred capital contributions	-	260,514	260,514
Long-term debt	-	185,169	185,169
<b>Total liabilities</b>	<b>\$ 199,333</b>	<b>\$ 455,863</b>	<b>\$ 655,196</b>
<b>Net Assets</b>			
<b>Total net assets</b>	<b>\$ 342,191</b>	<b>\$ 2,292,557</b>	<b>\$ 2,634,748</b>