

AGM 2023-2024
SUPPLEMENTAL REPORT

VERNON ALLIANCE CHURCH ANNUAL GENERAL MEETING

7pm – Tuesday September 24, 2024
Fellowship Hall

1. Welcome, Opening Comments and Prayer

2. Adopt Agenda

- Motion: "To adopt the agenda of the 2024 Vernon Alliance Church Annual General Meeting"

3. Approval of Minutes

• VAC AGM September 26, 2023

- Motion: "To approve the minutes of the September 26, 2023 Vernon Alliance Church Annual General Meeting as recorded"

• VAC Special General Meeting June 23, 2024

- Motion: "To approve the minutes of the June 23, 2024 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 2024 Vernon Alliance Church Annual Report as presented"

8. Presentation of Financial Statement for the fiscal year July 1, 2023, to June 30, 2024

- Motion: "To adopt the (unaudited) KPMG financial statements for the fiscal year July 1, 2023, to June 30, 2024"

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, 2024, to June 30, 2025, fiscal year"

10. Presentation of the Financial Budget for 2024-25

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 2024 Vernon Alliance Annual General Meeting"

16. Closing Prayer

VERNON ALLIANCE CHURCH ANNUAL GENERAL MEETING

7pm – Tuesday September 26, 2023

Hosted by Len Wedel, Meeting Minutes recorded by Jasmair Parr
Members in attendance: 79

1. Welcome, Opening Comments and Prayer - Meeting called to order officially at 7:05pm

2. Adopt Agenda

- Motion: "To adopt the agenda of the 2023 Vernon Alliance Church Annual General Meeting with the amended date of June 30, 2023 on agenda item #8"
Moved: Ian Jakobi Seconded: Andy Nyhuis Motion Carried

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"
Moved: Evan Winkelaar Seconded: Allen Brin Motion Carried
- **VAC Special General Meeting March 19, 2023**
- Motion: "To approve the minutes of the March 2023 Vernon Alliance Church Special General Meeting as recorded"
Moved: Ian Jakobi Seconded: Lars Glimhagen Motion Carried

4. Nominating Committee Report – Jason explained who was part of the committee and started praying for the process and work in the spring. Encouraged by the engagement of our elder nominees. Thank you to Roy Bouman, Wilf Haak, and Darren Kroeker.

5. Elections

Len discussed any nominations to come from floor for nominating committee. None were noted. No one opposed to the nomination committee put forward. Brenda Richards and Dixon Zalit. Len has acclaimed them as part of nominating committee.

Elders Nomination: via ballot. Votes to be tabulated and results to follow.

6. Lead Pastor Report – Jason is doing the talking, but speaking on behalf of the other ministries as part of the report. Questions to be raised regarding ministry may be asked here. Acknowledgement for the team updating the format and making more visually interesting. Special thanks to Kelly and Leif. Highlights: 1) Reset evening asking Jesus to give us a new day, 2) evidence of growth in people attending, giving and neighbouring property, 3) what we are doing globally and new partnerships 4) Direction for 2022-23 and building a healthy foundation with a vision, Prayer and hearing God, missions, ignite passions for Jesus beyond services, form a united staff, (re)engage people in meaningful relationships. 5) New Vision, Mission and purpose

A comment about typos in the annual report was acknowledged.

7. Approval of Reports:

- Motion: "To adopt the 2023 Vernon Alliance Church Annual Report as presented"
Moved: Trudy Kemper Seconded: Christiane Molendyk Motion Carried

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"
Moved: Evan Winkelaar Seconded: Ian Jakobi Motion Carried

Question/Comment – Noticed they are watermarked with draft and only once approved by the members they will no longer have the draft watermark.

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"
Moved: Gord Molendyk Seconded: Dave Nudd Motion Carried

Comment about getting quotes from last year. We got three quotes which were more expensive. Comment

from Brian K about KPMG and lining up with the same. Budget increase comment and people on fixed income. Comment about what's involved in administration cost. Put your money where your heart is and measuring Global Missions and budget for missions and not just general funds. Comment how money is designated.

10. Presentation of the Financial Budget for 2023-24

11. Election results
All 3 have been affirmed by election

12. Destroy Ballots

- Motion: "To destroy ballots"

Moved: Bob Elgin

Seconded: Andy Nyhuis

Motion Carried

13. Acknowledge our exiting Elders – Len discussed honouring our outgoing members by prayer and giving the opportunity to give advice. Now publicly we thank them and bless them for their sacrifices and service.

14. Commissioning Prayers for Newly Elected Elders – Dave MacPhee lead us

15. Adjournment of AGM

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

Moved: Bob Elgin

Seconded: Lesley Willett

Motion Carried 8:25pm

16. Closing Prayer

SPECIAL GENERAL MEETING OF VERNON ALLIANCE CHURCH

Sunday June 23, 2024 @ 1pm
VAC Church Sanctuary

MINUTES

1. Welcome & Prayer, (meeting called to order at 1:01 pm)
2. Number of members present 48 Quorum (32 members = 2/3 majority)
3. Adoption of agenda **Motion: To adopt the agenda as presented.** Moved by: Shelley Reeves
Seconded by: Andy Nyhuis One member opposed Motion is: Carried
4. Presentation of House Refurbishment Information – Devon Carbol
5. **Motion: To approve the refurbishment of the house located at 2603 43rd Avenue (the “Residence”) on the Vernon Alliance Church Property in preparation for rental use, with a maximum project cost of \$15,000.**
Moved by: Evan Winkelaar Seconded by: Gerry Wyman
6. General Discussion
7. Voting Guidelines & Voting Results:
47 in Favour, 1 Opposed, 0 Abstained Motion is Carried
8. Closing Comments & Prayer
9. Adjournment
Motion to adjourn SGM Moved by Chris Reeves Seconded by Lesley Willett
Motion is Carried
Meeting adjourned at 1:50pm

ELDER'S YEAR IN REVIEW

Let me first begin by expressing our deepest gratitude and appreciation to our staff. You have served with servant hearts and have led us well. To our volunteers we would not be the church we are today without your many hours of sacrificial service. Your service is noticed and is deeply appreciated by your leadership. We need each person's investment to become a people fully alive in Jesus. Thank you for all you have done this past ministry year.

This past year has been a full and stretching year for us as elders, we have needed God's insight and guidance to lead us as we have navigated the varying nuances of church life. And He has been faithful. Here are some of the highlights from our activities of this past year.

- October 04th was our first board meeting with our newly affirmed elders, Barb Elgin, Devon Carbol, Steve Willett. All three quickly jumped in and have added great value to the board.
- Late October we spent a full day with Steve Schneider learning and gaining a deeper understanding of how to operate as a policy Governance board. Steve is a governance specialist from our district.
- Throughout this past year we have met as a board on the first Wednesday of each month to conduct our usual board business. Monthly reports were received from our lead pastor, operations director, along with financial updates.
- As a way to tend to our own personal spiritual lives and the spiritual life of the board we chose to navigate through a discipleship pathway called "Lead Well" created by Church Renewal.
- Throughout this past year we have been closely monitoring our church growth and how this growth would play out in providing weekend services. There has been a great deal of prayer, discussion and research done on this reality. We reached out to our district leaders and to other lead pastors who have navigated similar situations for their insights. This blessing of growth has been an answer to our renewal prayers but has stretched us in knowing how to navigate forward. But again, God has been faithful in providing the way to where we find ourselves today.
- Late fall the board created a subcommittee call the "Property Development Committee" known as the PDC. Members of the committee have included: Devon Carbol (Chair), Keith Schiehl, Jasmain Parr, Corie Wetherill, Susan Friesen, Adam Lindsay and Joey Funk. Jason Koleba (Lead Pastor) and Kelly Johnson (Director of Operations) have also attended. The board has asked the committee to report back on various matters related to our properties and buildings including:
 - a building condition assessment of our main facility and the Arbour
 - a depreciation report giving insight on future maintenance costs
 - detailed information on how our facilities are meeting our current needs
 - possible renovation concepts for addressing deficiencies and improving our facilities
 - recommendations on the use of the small house acquired in 2023 culminating in member approval of proceeding with refurbishment and rental
- We look forward to receiving the PDC's report early in the 2024-2025 fiscal year.
- In December, we hosted a two-day conference put on by Posture Shift. It was a time of learning on how to lovingly interact with our LGBTQ+ friends and hold to our historical biblical values. We had other leaders join us from Lake Country Alliance, Kamloops Alliance and Vernon Christian School and Eagle Bay Camp.
- Early 2024 we conducted our annual Lead Pastor review. Upon the completion of the review Jason received the board's unified support. We greatly appreciated his leadership and all that he brings to our church family.
- This past year elders have had the privilege and honor to serve communion and to anoint and pray for healing at our weekend services.
- We have had the privilege to interview and confirm new members.
- Processing the PDC's recommendation to refurbish and rent "the residence".
- This year we have 3 elders completing their terms. To Shelley Reeves, Jas Parr, Keith Schiehl we say a HUGE THANK YOU for your years of commitment and service to our church family. You have used your gifts and expertise to help build God's kingdom here at VAC. May you experience a time of rest and refreshment as you step away from board life and into this new season. We trust that God will continue to use you in meaningful ways in His kingdom work.

Respectfully submitted by Len Wedel (Chair) on behalf of the Board of Elders, Jas Parr (Vice-Chair), Barb Elgin (Secretary), Barb Nudd (Treasurer), Devon Carbol, Keith Schiehl, Shelley Reeves, Steve Willett, Jason Koleba.

REPORT OF THE 2024 NOMINATING COMMITTEE

Overview

The 2024 Nominating Committee consisted of Dixon Zalit (congregational rep.) Brenda Richards (congregational rep.) Shelley Reeves (elder appointee) Barb Elgin (elder appointee) and was chaired by Jason Koleba. In our meetings, we reviewed all relevant documentation related to the nomination of elders and nomination committee members, including key scriptures, bylaws, and recommended best practices. We took several weeks to pray over the process, inviting other intercessors within the church to support us and then began the work of considering and interviewing potential nominees.

Our bylaws also 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.

The current make-up of the board is as follows:

Elder concluding second three-year term:

- Shelley Reeves

Elders concluding first three-year term:

- Jas Parr
- Keith Schiehl

Current Elders:

- Len Wedel—First term (3rd year)
- Barbara Nudd—First term (3rd year)
- Devon Carbol—First term (2nd year)
- Barb Elgin—First term (2nd year)
- Steve Willett—First term (2nd year)
- Jason Koleba – Lead Pastor

Nominations to the Board of Elders

The current board directed the Nominating Committee to use its discretion to search for a minimum of 2 and a maximum of 3 eligible members willing to serve a 3-year term.

As the committee carried out its discerning work, we were drawn to consider one of our own members (Dixon Zalit) as a potential nominee to the board. Bylaw 7.3.1 states that If the Nominating Committee wishes to consider one of its members for nomination, that person must withdraw from the Nominating Committee meeting while the decision is being made regarding the nomination. Upon being invited to consider the possibility of eldership, Dixon formally resigned from the committee to honour the integrity of the nomination process.

After significant prayer, discernment and conversation, the Nominating Committee recommends the following members as nominees to the Board of Elders:

- Dixon Zalit
- Shaun Hartzell

Additional nominations

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 10, 2024 (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 2025 nomination committee:

- Kristie Kroeker
- Caroline Bouman

Conclusion

The nomination committee would 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, we would like to express our deep appreciation to Shelley Reeves, Jas Par and Keith Schiehl 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

ELDER NOMINEES



Shaun Hartzell

My walk with God began at a young age as my mother has always been a strong believer and my father later committed his life to the Lord. As a teen, a strong connection to youth group solidified my faith and over the years I have learned how to walk more closely with Him.

I have been married to Robin for 34 years and we have two children, Liam and Jordan, who were both baptized in the waters of Cold Lake and continue to walk with God. Liam is married to Lise and we have two granddaughters, Ava and Adelaide. We spent time living in Moose Jaw early in our marriage but most of our time was spent living in Cold Lake, Alberta. Here we attended Harbour Light Alliance Church where I was the Worship Leader and an Elder since 2007 until our move here in 2021. We have also served as youth group leaders, led bible studies, participated in a house build in Mexico and I was heavily involved in the planning and construction of our new church build.

Having a father in the military, and then being in the military myself, I have lived in a variety of places and attended new churches along the way. I can see that God has blessed me in many ways and has used this lifestyle to develop in me an understanding and appreciation of community and fellowship along with the need for clear direction and focus. We quickly felt VAC was where God wanted us to be and Robin and I have been volunteering at Common Threads for over 2 years. We also enjoy being connected to the 55+ group. I am honoured to serve God in whatever capacity He calls me and look forward to each step with Him.

Dixon Zalit

Katherine and I have been attending VAC since 2006 and we both enjoy volunteering at church. When I was young, my family was involved with church and I accepted Christ gladly, but faith is not easy, and over time I had to work out a faith that was my own, not just something I inherited. Since the 1970's I have helped at church, teaching youth, playing music, leading study groups, eldership and other church activities. I was also on the board here for seven years during pastor Stuart's time. I guess I just like helping at church, as many of you do too.

Currently I work as a registered counsellor. My academic studies are in psychology education, history, and conflict resolution. I take seriously studying the bible too. I have also been a schoolteacher and construction contractor. Katherine and I are blessed to be the parents of four children and five grandchildren. Two of our daughters have families here in Vernon and another daughter and son live in Alberta. They are so important to us.

I really believe that Vernon Alliance Church is a local extension of the kingdom of God. And church only comes to life as we attend, give and volunteer. Together, we turn the wheels of this organization that is dedicated to blessing our community and calling people to Christ. I am thankful that many of you feel the same way. We all do our part to make this church happen. Even though our church has been through some rough times, God knows what he is doing here. Most of all, I want VAC to keep strong and healthy. I look forward to doing my part to help the board and pastor Jason fulfill the mandate of our church here in Vernon.

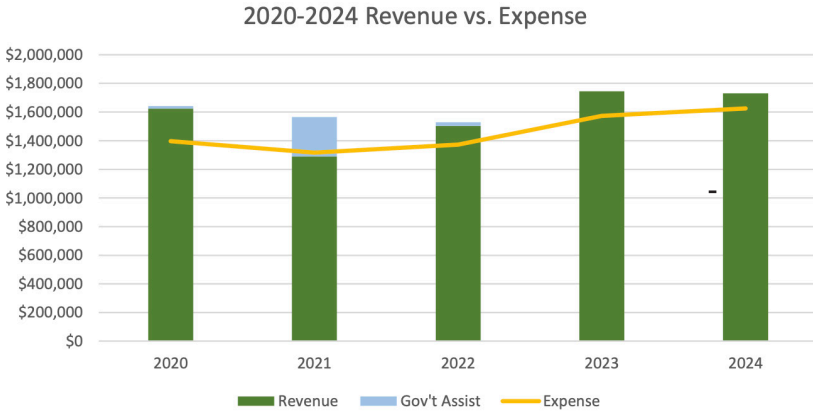


FINANCE REVIEW COMMITTEE REVIEW REPORT – AGM 2024

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. KPMG have concluded that no errors have come to their attention while performing our Review Engagement for the year ending June 30, 2023. The Financial Review Committee met and reviewed Vernon Alliance’s financial statements, which are now available on our website.

Overall Summary

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

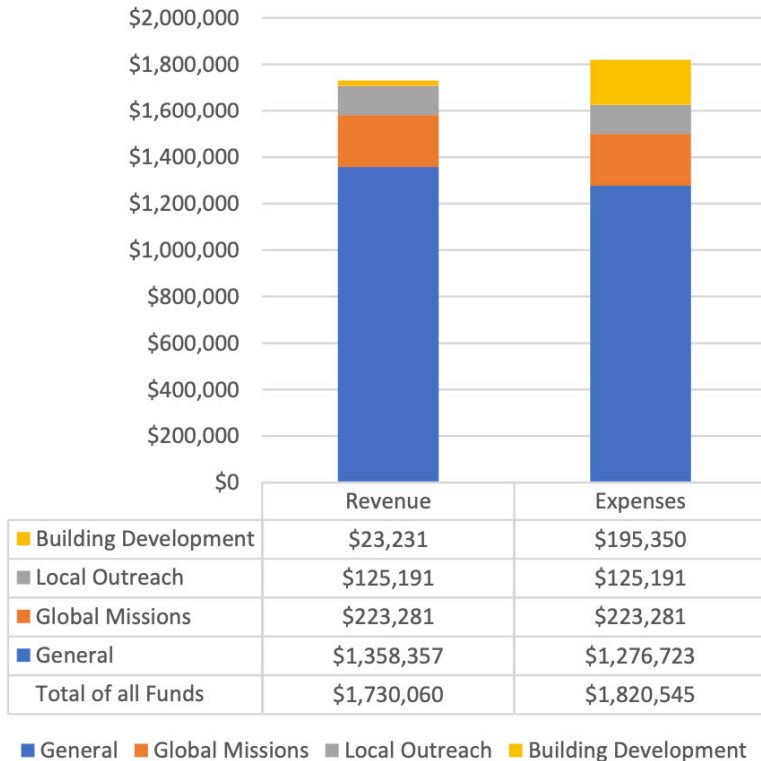


Fiscal Year to Date – All Funds

These graphs show the total revenues and expenses for the past 5 years.

Year End	Revenue	Gov't Assist	Expense
2020	\$1,624,139	\$16,933	\$1,395,903
2021	\$1,289,835	\$275,882	\$1,316,451
2022	\$1,503,431	\$25,011	\$1,371,970
2023	\$1,744,445	\$0	\$1,573,752
2024	\$1,730,060	\$0	\$1,625,195

Year To Date June 2024 - All Funds



Fiscal Year to Date – All Fund Breakdown:

We have been keeping spending below our revenues.

The Global Mission Fund represents 12% of the revenue we receive. Local Outreach represent approximately 7% of donations. This totals 19% of overall donations.

This chart includes the spending in our Building Development Fund. Please note that the money spent to pay off the house mortgage was taken from cash reserves (surpluses from previous fiscal years).

Financial Review Recommendations:

The Financial Review Committee recommends the following:

Recommended Motions:

- To adopt the (unaudited) KPMG financial statements for the fiscal year July 1, 2023, to June 30, 2024.
- 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 the July 1, 2024, to June 30, 2025, fiscal year.

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

2024-25 General Ministry Budget:

As a point of information:

The church has changed the names of the fund accounts for clarity.

- **General Ministry Fund** – stays the same
- Missions Fund – changed to the **Global Missions Fund**
- Benevolent Fund – changed to the **Local Outreach Fund**
- Development Fund – changed to the **Building Development Fund**

Budget Overview

- 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.

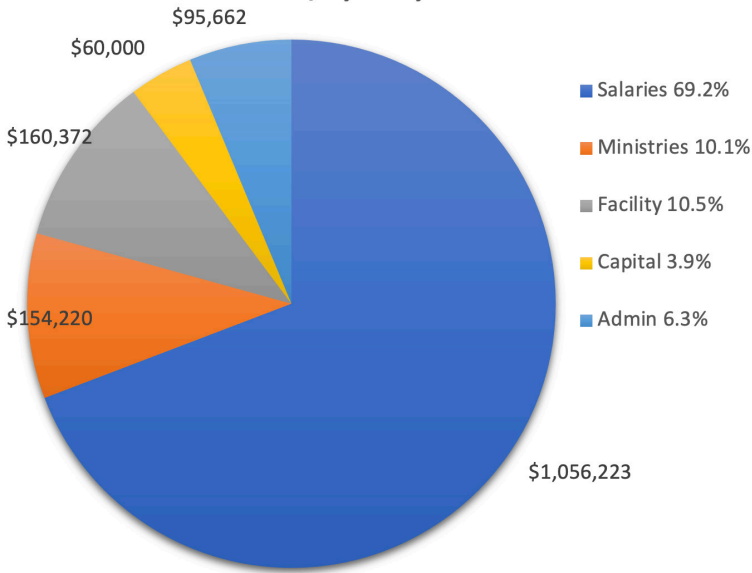
The overall budget is up 9.3% from last year. The reasons for the increase are as follows:

Staff received a 2.5% Cost of Living increase – this budget includes 21 full and part-time staff (approximately 15 FTEs).

Increase our capacity by:

- Providing investment in the Youth and Young Adult Ministry, through extra staff support, as this was identified as an area of concern.
- Responding to the increasing demand on our facility from our ministries by additional supports to the
- Building into the following:
 - Adult discipleship
 - Pastoral care
 - Expansion of Preaching and Executive team
 - Family Pantry program
- Hiring a Guest Experience Coordinator which will enable us to transition people from welcoming through to integration into church- life.

2024-25 General Ministry Budget - \$1,526,477



Budget Details

Ministries: cost of operating and resourcing ministries

Capital: expenditures regarding our fixed assets, such as building, sanctuary lighting and equipment. Any spending that improves our assets or increases the usefulness or life of our assets

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

Building Development Fund Needs

A consultant was hired to conduct a depreciation report on our campus. This report highlights the work that will need to be done over time and outlines the cost of these items. Based on the recommendations in the report, we require approximately \$55,000 - \$60,000 for the upcoming year, with this amount being reassessed on a regular basis. These dollars will be placed in reserve, so that we ensure the money has already been saved prior to the work being completed. Collecting and spending the money will be done in accordance with CRA regulations, through a Capital Campaign and tracked separately through the Development Fund as these are capital expenditures.

Financial Statements of

VERNON ALLIANCE CHURCH

And Independent Practitioner's Review Engagement Report thereon

Year ended June 30, 2024



KPMG LLP

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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, 2024, the statement of earnings, 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, 2024, 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.

KPMG LLP

Chartered Professional Accountants

Vernon, Canada

August 28, 2024

VERNON ALLIANCE CHURCH

Statement of Financial Position

June 30, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash	\$ 432,574	\$ 534,298
Accounts receivable	3,160	5,829
Prepaid expenses	-	1,395
Term deposit	-	2
	<u>435,734</u>	<u>541,524</u>
Capital assets (note 2)	2,714,806	2,748,420
	<u>\$ 3,150,540</u>	<u>\$ 3,289,944</u>

Liabilities And Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 23,871	\$ 35,046
Designated balances	219,516	164,287
Current portion of long-term debt (note 3)	-	10,180
	<u>243,387</u>	<u>209,513</u>
Deferred capital contributions (note 4)	244,916	260,514
Long-term debt (note 3)	-	185,169
	<u>488,303</u>	<u>655,196</u>
Net assets:		
(Schedule 2)		
Unrestricted	192,347	342,191
Investment in capital assets (note 5)	<u>2,469,890</u>	<u>2,292,557</u>
	<u>2,662,237</u>	<u>2,634,748</u>
Related party transactions (note 7)		
Commitment (note 8)		
	<u>\$ 3,150,540</u>	<u>\$ 3,289,944</u>

See accompanying notes to financial statements.

On behalf of the Members:

_____ Elder

_____ Elder

VERNON ALLIANCE CHURCH

Statement of Earnings

Year ended June 30, 2024, with comparative information for 2023

	2024	2023
Revenue:		
Offerings	\$ 1,355,557	\$ 1,442,577
Missions and other ministries offerings (Schedule 1)	348,472	267,502
Development fund offerings	23,231	19,607
Facilities rental	2,800	14,758
	<u>1,730,060</u>	<u>1,744,444</u>
General and administrative expenses:		
Administration	240,772	278,407
Adult discipleship	151,180	146,408
Cross ministry fund	11,462	4,652
Executive leadership	193,211	214,408
Facilities	267,357	313,164
Family ministries	72,380	64,123
IT and creative arts	16,743	17,238
Interest on long-term debt	9,086	2,832
Library resources	-	82
Local outreach	24,946	19,260
Mission and other ministries offerings (Schedule 1)	348,472	267,502
Staff development and training	19,775	22,299
World concern	33,889	36,064
Worship and fellowship	153,734	114,968
Youth ministry	82,188	72,345
	<u>1,625,195</u>	<u>1,573,752</u>
Excess of revenues over expenses before the undernoted	104,865	170,692
Other income (expense):		
Amortization of capital assets	(92,974)	(84,881)
Amortization of deferred capital contributions	15,598	17,502
	<u>(77,376)</u>	<u>(67,379)</u>
Excess of revenues over expenses	<u>\$ 27,489</u>	<u>\$ 103,313</u>

See accompanying notes to financial statements.

VERNON ALLIANCE CHURCH

Statement of Changes in Net Assets

Year ended June 30, 2024, with comparative information for 2023

	Unrestricted	Investment in capital assets	Total 2024	Total 2023
Net assets, beginning of year	\$ 342,191	\$ 2,292,557	\$ 2,634,748	\$ 2,531,435
Excess (deficiency) of revenues over expenses	113,950	(86,461)	27,489	103,313
Investment in capital assets	(59,359)	59,359	-	-
Interfund transfers	(204,435)	204,435	-	-
Net assets, end of year	\$ 192,347	\$ 2,469,890	\$ 2,662,237	\$ 2,634,748

See accompanying notes to financial statements.

VERNON ALLIANCE CHURCH

Statement of Cash Flows

Year ended June 30, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses	\$ 27,489	\$ 103,313
Items not involving cash:		
Amortization of capital assets	92,974	84,881
Amortization of deferred capital contributions	(15,598)	(17,502)
Changes in non-cash operating working capital:		
Decrease (increase) in accounts receivable	2,669	(2,607)
Decrease in prepaid expenses	1,395	8,539
Decrease in term deposit	2	266,409
Decrease in accounts payable and accrued liabilities	(11,175)	(37,936)
Increase (decrease) in designated balances	55,229	(4,091)
	<u>152,985</u>	<u>401,006</u>
Financing:		
Proceeds from long-term debt	-	196,936
Repayments of long-term debt	(195,350)	(1,587)
	<u>(195,350)</u>	<u>195,349</u>
Investing:		
Purchase of capital assets	(59,359)	(589,577)
(Decrease) increase in cash	(101,724)	6,778
Cash, beginning of year	534,298	527,520
Cash, end of year	<u>\$ 432,574</u>	<u>\$ 534,298</u>

See accompanying notes to financial statements.

VERNON ALLIANCE CHURCH

Notes to Financial Statements

Year ended June 30, 2024

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, 2024

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, 2024

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, 2024

1. Significant accounting policies (continued):

(d) 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:

			2024	2023
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 1,019,541	\$ -	\$ 1,019,541	\$ 1,019,541
Building	2,748,998	1,342,055	1,406,943	1,441,722
Sound studio	46,865	33,982	12,883	14,315
Furniture, fixtures and equipment	920,111	674,273	245,838	242,166
Computer equipment	223,041	193,566	29,475	30,526
Signs	2,000	1,874	126	150
	<u>\$ 4,960,556</u>	<u>\$ 2,245,750</u>	<u>\$ 2,714,806</u>	<u>\$ 2,748,420</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, 2024

3. Long-term debt:

	2024	2023
Loan with CMAC, repaid during the year	\$ -	\$ 195,349
Less current portion	-	(10,180)
	\$ -	\$ 185,169

4. Deferred capital contributions:

Deferred capital contributions represent the unamortized and unspent amounts of donations 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.

	2024	2023
Balance, beginning of year	\$ 260,514	\$ 278,016
Amortization for the year	(15,598)	(17,502)
Balance, end of year	\$ 244,916	\$ 260,514

5. Investment in capital assets:

	2024	2023
Capital assets	\$ 2,714,806	\$ 2,748,420
Deferred capital contributions	(244,916)	(260,514)
Long-term debt	-	(195,349)
	\$ 2,469,890	\$ 2,292,557

6. 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, 2024 the balance on the line of credit is \$nil (2023 - \$nil).

VERNON ALLIANCE CHURCH

Notes to Financial Statements (continued)

Year ended June 30, 2024

7. Related party transactions:

	2024	2023
CMAC National missions and projects expenditures	\$ 96,492	\$ 95,465
CMAC District missions and projects expenditures	314,235	101,767
CMAC investment fund income	-	5,565
Insurance expenses paid to CMAC	2,590	6,075
Interest expense paid to CMAC	9,086	2,832
Sponsorships and donations to CMAC's Eagle Bay Camp	22,629	26,171

Included in accounts payable is \$10,193 (2023 - \$7,865) 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.

8. Commitment:

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

2025	\$ 8,701
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9. 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.

VERNON ALLIANCE CHURCH

Notes to Financial Statements (continued)

Year ended June 30, 2024

10. 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 2023.

(b) 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 2023.

VERNON ALLIANCE CHURCH

Schedule 1 - Mission and Other Ministries Revenue and Expenditures

Year ended June 30, 2024

	2024	2023
Offerings:		
Church ministries	\$ 84,175	\$ 54,746
Local outreach	122,937	111,277
Special missions projects	55,292	39,096
Global missions	70,444	49,526
Home missions	13,370	9,711
Other designated offerings	2,254	3,146
Total offerings	\$ 348,472	\$ 267,502
Expenditures:		
Church ministries	\$ 84,170	\$ 54,746
Local outreach	122,937	111,277
Special missions projects	55,297	39,096
Global missions	70,444	49,526
Home missions	13,370	9,711
Other designated offerings	2,254	3,146
Total expenditures	\$ 348,472	\$ 267,502

VERNON ALLIANCE CHURCH

Schedule 2 - Net Asset Classification of Financial Position

Year ended June 30, 2024

	Unrestricted	Investment in capital assets	Total
Assets			
Current assets:			
Cash	\$ 432,574	\$ -	\$ 432,574
Accounts receivable	3,160	-	3,160
	<u>435,734</u>	<u>-</u>	<u>435,734</u>
Capital assets	-	2,714,806	2,714,806
Total assets	\$ 435,734	\$ 2,714,806	\$ 3,150,540
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 23,871	\$ -	\$ 23,871
Designated balances	219,516	-	219,516
	<u>243,387</u>	<u>-</u>	<u>243,387</u>
Deferred capital contributions	-	244,916	244,916
Total liabilities	\$ 243,387	\$ 244,916	\$ 488,303
Net Assets			
Total net assets	\$ 192,347	\$ 2,469,890	\$ 2,662,237