

CORNERSTONE CHURCH - MENNONITE INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2022

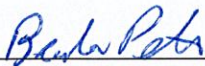
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements of **Cornerstone Church - Mennonite Inc.** have been prepared by the Church's management in accordance with Canadian accounting standards for not-for-profit organizations and necessarily include some amounts based on informed judgement and management estimates.

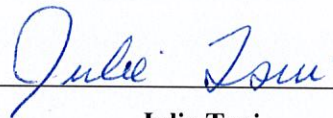
To assist management in fulfilling its responsibilities, a system of internal controls has been established to provide reasonable assurance that the financial statements are accurate and reliable and that assets are safeguarded.

The board of directors have reviewed and approved these financial statements.

These financial statements have been examined by the independent auditors, **Virtus Group LLP**, and their report is presented separately.



Brandon Peters
Financial Audit Committee



Julie Tsui
Facility and Finance Committee

INDEPENDENT AUDITORS' REPORT



**VIRTUS
GROUP**
Chartered Professional Accountants
& Business Advisors LLP

Cornerstone Church - Mennonite Inc.

Qualified Opinion

We have audited the financial statements of **Cornerstone Church - Mennonite Inc.**, which comprise the statement of financial position as at December 31, 2022, and the statements of receipts and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Church as at December 31, 2022, and its financial performance and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many non-profit organizations, the Church derives revenues from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenue was limited to accounting for amounts recorded in the records of the Church. As a result, we were not able to determine whether any adjustments might be necessary in respect of revenues, assets, liabilities or net assets.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Church in accordance with the ethical requirements that are relevant to our audit of the financial statements in Saskatchewan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

INDEPENDENT AUDITORS' REPORT continued

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Church's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Church's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Church to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

April 25, 2023
Saskatoon, Saskatchewan

Virtus Group LLP
Chartered Professional Accountants

CORNERSTONE CHURCH - MENNONITE INC.
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022
(with comparative figures for 2021)

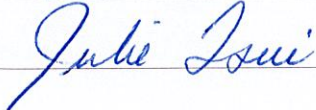
ASSETS		2022	2021
Current assets			
Cash	\$	241,106	\$ 257,839
Investments (Note 3)		185,230	183,472
Accounts receivable		2,420	2,514
Prepaid expenses		4,729	3,982
		<u>433,485</u>	<u>447,807</u>
Tangible capital assets (Note 4)		<u>1,252,491</u>	<u>1,281,586</u>
	\$	<u>1,685,976</u>	\$ <u>1,729,393</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	\$	24,068	\$ 27,091
Government remittances payable		8,073	7,814
Directed donations payable (Note 5)		34,530	26,213
		<u>66,671</u>	<u>61,118</u>
NET ASSETS			
Unrestricted		275,199	282,403
Internally restricted		91,615	104,286
Invested in capital assets		<u>1,252,491</u>	<u>1,281,586</u>
		<u>1,619,305</u>	<u>1,668,275</u>
	\$	<u>1,685,976</u>	\$ <u>1,729,393</u>
Commitment (Note 7)			

See accompanying notes to the financial statements.

APPROVED BY:



Financial Audit Committee Chair



Representative of Facility and Finance Team

CORNERSTONE CHURCH - MENNONITE INC.
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022
(with comparative figures for the year ended December 31, 2021)

	Invested in Capital Assets	Unrestricted	Internally Restricted	\$ 2022	\$ 2021
Net assets - beginning of year	\$ 1,281,586	282,403	104,286	1,668,275	\$ 1,762,060
Excess (deficiency) of receipts over expenditures	(56,477)	20,178	(12,671)	(48,970)	(93,785)
Purchase of tangible capital assets	27,382	(27,382)	-	-	-
Net assets - end of year	<u>\$ 1,252,491</u>	<u>275,199</u>	<u>91,615</u>	<u>1,619,305</u>	<u>\$ 1,668,275</u>

See accompanying notes to the financial statements.

CORNERSTONE CHURCH - MENNONITE INC.
STATEMENT OF RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2022
(with comparative figures for the year ended December 31, 2021)

	<u>2022</u>	<u>2021</u>
Receipts		
General donations	\$ 622,767	\$ 663,740
Directed donation receipts (Schedule 1)	41,868	38,795
Rental net of returns	16,613	10,630
Interest	1,859	824
	<u>683,107</u>	<u>713,989</u>
Expenditures		
Church operating (Schedule 2)	594,547	608,489
Christian education (Schedule 2)	7,876	14,352
Management team (Schedule 3)	5,164	7,496
Missions and service (Schedule 3)	68,632	122,089
Music ministries (Schedule 3)	4,436	4,531
Youth ministries (Schedule 4)	7,391	8,713
Spiritual care (Schedule 4)	316	932
Connections (Schedule 4)	1,847	2,377
	<u>690,209</u>	<u>768,979</u>
Directed donation receipts paid (Schedule 1)	<u>41,868</u>	<u>38,795</u>
Excess (deficiency) of receipts over expenditures	<u>\$ (48,970)</u>	<u>\$ (93,785)</u>

See accompanying notes to the financial statements.

CORNERSTONE CHURCH - MENNONITE INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(with comparative figures for the year ended December 31, 2021)

	<u>2022</u>	<u>2021</u>
Cash provided by (used in) operating activities:		
Deficiency of receipts over expenditures	\$ (48,970)	\$ (93,785)
Items not involving cash:		
- Amortization	56,477	53,275
	7,507	(40,510)
Non-cash operating working capital (Note 6)	3,142	(44,315)
	10,649	(84,825)
Cash provided by (used in) investing activities:		
Additions to tangible capital assets	(27,382)	(17,510)
Decrease in cash	(16,733)	(102,335)
Cash position - beginning of year	257,839	360,174
Cash position - end of year	<u>\$ 241,106</u>	<u>\$ 257,839</u>

See accompanying notes to the financial statements.

CORNERSTONE CHURCH - MENNONITE INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(with comparative figures for the year ended December 31, 2021)

1. Purpose of the Organization

Cornerstone Church is a Mennonite church in Saskatoon, providing a place of worship, Christian education, fellowship, service and other ministries both for members of the congregation and others to whom the church seeks to minister.

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations which required 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 period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. The financial statements reflect the following policies:

Financial instruments

Financial assets and liabilities are recorded on the statement of financial position when the Church becomes party to the contractual provisions of the financial instrument. All financial instruments are required to be recognized at fair value upon initial recognition, except for certain related party transactions. Measurement in subsequent periods of equity instruments is at fair value. All other financial assets and financial liabilities are subsequently measured at amortized cost adjusted by transactions costs, which are amortized over the expected life of instrument. Fair value is the amount at which a financial instrument could be exchanged at arm's length between willing, unrelated parties in an open market. Changes in fair values of financial assets and financial liabilities measured at fair value are recognized in excess (deficiency) of receipts over expenditures. When there is an indication of impairment the carrying amount of financial assets measured at amortized cost may be reduced. Such impairments can be subsequently reversed if the value improves.

The Church's recognized financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities, and directed donations payable. The fair values of these items approximate their carrying values given the short-term nature of the amounts. The Church is not exposed to significant credit or interest risks arising from these financial instruments.

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Amortization is provided on the diminishing balance basis over the estimated useful life of the assets at the following annual rates:

Buildings	4 %
Computer equipment	55 %
Equipment	20 %
Paving	8 %

In the year of acquisition, amortization is provided at one-half the annual rate.

CORNERSTONE CHURCH - MENNONITE INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(with comparative figures for the year ended December 31, 2021)

2. Summary of significant accounting policies (continued)

Revenue recognition

The Church recognizes donations in the year they are received. Rental revenue and interest revenue is recorded on the accrual basis.

3. Investments

	<u>2022</u>	<u>2021</u>
Tangerine savings account	\$ 185,230	\$ 183,472

4. Tangible capital assets

			<u>2022</u>	<u>2021</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Buildings	\$ 1,600,563	\$ 648,247	\$ 952,316	\$ 991,996
Computer equipment	37,563	22,642	14,921	10,656
Equipment	232,356	205,397	26,959	18,607
Land	234,920	-	234,920	234,920
Paving	68,237	44,862	23,375	25,407
	<u>\$ 2,173,639</u>	<u>\$ 921,148</u>	<u>\$ 1,252,491</u>	<u>\$ 1,281,586</u>

5. Directed donations payable

Directed donations payable consists of restricted donations received that remain unspent at year end.

Refugee Sponsorship	\$ 225
Benevolent Fund	17,613
Missions trip	16,692
	<u>\$ 34,530</u>

CORNERSTONE CHURCH - MENNONITE INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(with comparative figures for the year ended December 31, 2021)

6. Non-cash operating working capital

Details of net change in each element of working capital relating to operations excluding cash are as follows:

	<u>2022</u>	<u>2021</u>
(Increase) decrease in current assets:		
Investments	\$ (1,758)	\$ (824)
Accounts receivable	94	4,932
Prepaid expenses	(747)	-
	<u>(2,411)</u>	<u>4,108</u>
Increase (decrease) in current liabilities:		
Accounts payable and accrued liabilities	(3,023)	(46,854)
Government remittances payable	259	1,116
Directed donations payable	8,317	(2,685)
	<u>5,553</u>	<u>(48,423)</u>
	<u>\$ 3,142</u>	<u>\$ (44,315)</u>

7. Commitment

The Church has entered into an agreement to lease a photocopier. The agreement requires aggregate minimum payments over the next five years as follows:

2023	\$ 4,849
2024	4,851
2025	4,851
2026	4,851
2027	4,851

CORNERSTONE CHURCH - MENNONITE INC.
DIRECTED DONATION RECEIPTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(with comparative figures for the year ended December 31, 2021)

SCHEDULE 1

	<u>2022</u>		<u>2021</u>
Advent projects	\$ 12,550	\$	9,560
Benevolent fund	14,426		14,215
Haiti missions	100		600
Hands on ministry	-		900
Lent project	14,792		13,470
MCC	-		50
	<hr/>		<hr/>
Total directed donation receipts and paid	<u><u>\$ 41,868</u></u>	<u><u>\$</u></u>	<u><u>38,795</u></u>

CORNERSTONE CHURCH - MENNONITE INC.
CHURCH OPERATING AND CHRISTIAN EDUCATION
FOR THE YEAR ENDED DECEMBER 31, 2022
(with comparative figures for the year ended December 31, 2021)

SCHEDULE 2

	<u>2022</u>	<u>2021</u>
Salaries, wages and benefits	\$ 416,796	\$ 440,146
Building maintenance	17,417	16,122
Amortization	56,477	53,275
Utilities	36,388	31,803
Office supplies	10,643	10,043
Equipment lease and maintenance	8,922	8,497
Insurance	9,005	9,371
Telephone	4,877	5,385
Servant care and development	20	66
Yard maintenance	4,574	5,671
Audit fees	6,347	6,022
Interest and bank charges	907	900
Custodian	21,120	20,412
Kitchen supplies	935	676
Video/sound equipment	119	100
Total church operating	<u>\$ 594,547</u>	<u>\$ 608,489</u>
Ministry material	2,219	6,642
Equipment	697	829
Child sponsorship	276	295
Servant care and development	826	290
Plan to protect	119	495
Family formation	3,739	5,801
Total Christian education	<u>\$ 7,876</u>	<u>\$ 14,352</u>

CORNERSTONE CHURCH - MENNONITE INC.
MANAGEMENT TEAM, MISSIONS AND SERVICE, AND MUSIC MINISTRIES
FOR THE YEAR ENDED DECEMBER 31, 2022
(with comparative figures for the year ended December 31, 2021)

SCHEDULE 3

	<u>2022</u>	<u>2021</u>
Board vision and development	\$ 500	\$ -
Servant care and development	1,393	2,431
Staff engagement	-	483
Lead pastor hospitality	-	38
Professional development	3,271	4,544
Total management team	<u>\$ 5,164</u>	<u>\$ 7,496</u>
Refugee sponsorship	\$ 1,000	\$ -
Christians against poverty	8,189	8,711
Hospitality	1,084	1,180
Mission trips	2,085	2,500
Honorariums and bursaries	500	-
Global missions	18,000	33,000
Local missions	27,385	39,064
Projects	-	18,500
Missionaries	9,000	18,000
Miscellaneous	72	-
Camp sponsorship	1,317	1,134
Total missions and service	<u>\$ 68,632</u>	<u>\$ 122,089</u>
Resources	\$ 820	\$ 1,644
Equipment	589	620
Copyright protection plan	1,239	670
Decorating	993	387
Servant care and development	195	810
Honorariums	600	400
Total music ministries	<u>\$ 4,436</u>	<u>\$ 4,531</u>

CORNERSTONE CHURCH - MENNONITE INC.
YOUTH MINISTRIES, SPIRITUAL CARE AND STAFF BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2022
(with comparative figures for the year ended December 31, 2021)

SCHEDULE 4

	<u>2022</u>	<u>2021</u>
Travel	\$ 624	\$ -
Events and retreats	3,179	1,856
CSM programs	1,652	2,868
Servant care and development	315	1,353
Ministry material	1,621	2,636
Total youth ministries	<u><u>\$ 7,391</u></u>	<u><u>\$ 8,713</u></u>
Bereavement support	\$ 260	\$ 452
Communion supplies	29	376
Sunday school - adult	27	104
Total spiritual care	<u><u>\$ 316</u></u>	<u><u>\$ 932</u></u>
Women's ministry	\$ (144)	\$ (108)
55+	336	181
Men's ministry	53	126
Resources	915	1,017
Servant care and development	183	180
Small groups	303	685
Young adults	201	296
Total connections	<u><u>\$ 1,847</u></u>	<u><u>\$ 2,377</u></u>