



## Combined Financial Statements

The Christian and Missionary Alliance in Canada

December 31, 2020

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# Independent Auditor's Report

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To the Directors of  
The Christian and Missionary Alliance in Canada

## Opinion

We have audited the combined financial statements of The Christian and Missionary Alliance in Canada, which comprise the combined statement of financial position as at December 31, 2020, and the combined statements of activities and cash flows for the year ended and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of The Christian and Missionary Alliance in Canada as at December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

## Basis for Opinion

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

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

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

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

Those charged with governance are responsible for overseeing The Christian and Missionary Alliance in Canada's financial reporting process.

### Auditor's Responsibilities for the Audit of the Combined 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 combined 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 combined 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 Christian and Missionary Alliance in Canada'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 Christian and Missionary Alliance in Canada'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 combined 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 Christian and Missionary Alliance in Canada to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the combined financial statements, including the disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



Mississauga, Canada  
April 7, 2021

Chartered Professional Accountants  
Licensed Public Accountants

# The Christian and Missionary Alliance in Canada

## Combined Statement of Financial Position

December 31

	Global Advance Fund	Property Fund	Restricted Funds	2020 Total	2019 Total
<b>Assets</b>					
Current					
Cash	\$ 3,600,944	\$ -	\$ 526,542	\$ 4,127,486	\$ 2,720,485
Accounts receivable	37,848	-	23,345	61,193	141,337
Prepaid expenses	<u>178,345</u>	<u>-</u>	<u>-</u>	<u>178,345</u>	<u>293,726</u>
	<u>3,817,137</u>	<u>-</u>	<u>549,887</u>	<u>4,367,024</u>	<u>3,155,548</u>
Long-term assets					
Investments (Note 3)	-	-	4,768,738	4,768,738	10,897,000
Housing loans receivable (Note 4)	517,998	-	-	517,998	572,998
Other loan receivable (Note 5)	300,000	-	-	300,000	300,000
Deposit on property	-	-	-	-	504,906
Property and equipment (Note 6)	313,526	8,882,130	-	9,195,656	194,018
Intangible assets (Note 6)	<u>43,249</u>	<u>-</u>	<u>-</u>	<u>43,249</u>	<u>62,318</u>
	<u>1,174,773</u>	<u>8,882,130</u>	<u>4,768,738</u>	<u>14,825,641</u>	<u>12,531,240</u>
	<u>\$ 4,991,910</u>	<u>\$ 8,882,130</u>	<u>\$ 5,318,625</u>	<u>\$19,192,665</u>	<u>\$15,686,788</u>
<b>Liabilities</b>					
Current					
Accounts payable and accrued liabilities	\$ 855,764	\$ 31,912	\$ -	\$ 887,676	\$ 712,559
Long-term					
Deferred revenue (Note 7)	<u>175,000</u>	<u>-</u>	<u>-</u>	<u>175,000</u>	<u>200,000</u>
	<u>1,030,764</u>	<u>31,912</u>	<u>-</u>	<u>1,062,676</u>	<u>912,559</u>
Fund balances					
Internally restricted (Note 8)	3,086,373	-	-	3,086,373	8,040,273
Housing loan reserve (Note 4)	517,998	-	-	517,998	572,998
Invested in property and equipment and intangible assets	356,775	8,850,218	-	9,206,993	761,242
Externally restricted	<u>-</u>	<u>-</u>	<u>5,318,625</u>	<u>5,318,625</u>	<u>5,399,716</u>
	<u>3,961,146</u>	<u>8,850,218</u>	<u>5,318,625</u>	<u>18,129,989</u>	<u>14,774,229</u>
	<u>\$ 4,991,910</u>	<u>\$ 8,882,130</u>	<u>\$ 5,318,625</u>	<u>\$19,192,655</u>	<u>\$15,686,788</u>

Commitments (Note 15) and contingencies (Note 16)

On behalf of the Board of Directors



Director

Rev. Jeff Sensentein



Director

Rev. Steven Kerr

See accompanying notes to the combined financial statements.

# The Christian and Missionary Alliance in Canada

## Combined Statement of Global Advance Fund Activities

Year ended December 31

	2020 Total	2019 Total
Revenue		
General contributions	\$ 12,808,129	\$ 13,760,411
Estates and legacies	2,092,441	227,088
Government assistance	1,893,403	
Investment income (Note 3)	283,981	474,783
Districts contributions	265,636	389,438
Support contribution	164,610	176,551
Sundry	<u>86,676</u>	<u>75,543</u>
	<u>17,594,876</u>	<u>15,103,814</u>
Expenditures		
Venture		
Global ministries	8,731,282	9,664,655
Justice and compassion/defend dignity	321,772	321,845
Multicultural	251,690	288,621
Culture		
Executive Administration	1,688,573	1,909,811
General Assembly	118,730	34,984
Nurture		
Nurture	1,061,927	1,127,951
Education grants	823,000	808,000
Advancement (Note 10)	233,986	86,347
Leadership identification and development	140,428	100,193
Envision	22,767	82,434
Network	17,603	24,857
Structure		
Finance	706,747	604,550
Communication	<u>366,199</u>	<u>287,526</u>
	<u>14,484,704</u>	<u>15,341,774</u>
Excess (deficiency) of revenue over expenditures	3,110,172	(237,960)
Fund balances, beginning of year	4,763,818	4,356,448
Transfer (to) from Property fund (Note 2)	(4,154,647)	477,346
Transfer from Restricted funds (Note 2)	<u>241,803</u>	<u>167,984</u>
Fund balances, end of year	<u>\$ 3,961,146</u>	<u>\$ 4,763,818</u>

See accompanying notes to the combined financial statements.

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## The Christian and Missionary Alliance in Canada Combined Statement of Property Fund Activities

Year ended December 31	2020	2019
Revenue		
Resource property income	\$ 16,629	\$ 13,055
Gain on sale of properties	<u>-</u>	<u>464,291</u>
	<u>16,629</u>	<u>477,346</u>
Expenditures	<u>-</u>	<u>-</u>
Excess of revenue over expenditures	16,629	477,346
Fund balance, beginning of year	-	-
Transfer from (to) Global Advance fund (Note 2)	4,154,647	(477,346)
Transfer from Building Replacement fund (Note 2)	<u>4,678,942</u>	<u>-</u>
Fund balance, end of year	<u>\$ 8,850,218</u>	<u>\$ -</u>

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## The Christian and Missionary Alliance in Canada Combined Statement of Building Replacement Fund Activities

Year ended December 31	2020	2019
Revenue		
Investment certificate income (Note 3(a))	\$ 81,146	\$ 154,295
Expenditures	<u>12,899</u>	<u>27,120</u>
Excess of revenue over expenditures	68,247	127,175
Fund balance, beginning of year	4,610,695	4,483,520
Transfer to Property fund (Note 2)	<u>(4,678,942)</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 4,610,695</u>

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See accompanying notes to the combined financial statements.

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## The Christian and Missionary Alliance in Canada Combined Statement of Restricted Fund Activities

Year ended December 31

2020

2019

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Increases		
Designated contributions	\$ 4,964,413	\$ 4,817,077
Decreases		
Designated funds disbursed	<u>4,803,701</u>	<u>4,352,726</u>
Net increase in funds	160,712	464,351
Fund balance, beginning of year	5,399,716	5,103,349
Transfer to Global Advance fund (Note 2)	<u>(241,803)</u>	<u>(167,984)</u>
Fund balance, end of year	<u>\$ 5,318,625</u>	<u>\$ 5,399,716</u>

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See accompanying notes to the combined financial statements.

# The Christian and Missionary Alliance in Canada

## Combined Statement of Cash Flows

Year ended December 31

2020

2019

Increase (decrease) in cash and cash equivalents

### Operating

Excess (deficiency) of revenue over expenditures		
Global Advance fund	\$ 3,110,172	\$ (237,960)
Property fund	16,629	477,346
Building Replacement fund	68,247	127,175
Net increase in Restricted funds	160,712	464,351
Items not involving cash		
Amortization of property and equipment	91,021	96,814
Amortization of intangible assets	19,069	13,168
Realized gain on sale of property	-	(464,291)
Accrued interest earned on other loans receivable	-	(154,295)
Realized gains on investments (Note 3)	(638)	(15,230)
Unrealized gains on investments (Note 3)	(122,467)	(269,015)

3,342,745                      38,063

Net change in non-cash working capital items

Accounts receivable	80,144	(24,148)
Prepaid expenses	115,381	(99,854)
Accounts payable and accrued liabilities	175,117	59,277
Deferred revenue	(25,000)	(25,000)

345,642                      (89,725)

3,688,387                      (51,662)

### Investing

Purchase of investments	(4,383,011)	(2,445,715)
Proceeds on disposal of investments	10,634,378	4,131,555
Repayment (advance) of housing loans receivable	55,000	(25,000)
Proceeds on disposal of properties	-	464,291
Deposit on property	-	(504,906)
Purchase of property and equipment	(8,587,753)	(44,216)
Purchase of intangible assets	-	(39,727)

(2,281,386)                      1,536,282

Net change in cash during the year                      1,407,001                      1,484,620

Cash, beginning of year                      2,720,485                      1,235,865

Cash, end of year                      \$ 4,127,486                      \$ 2,720,485

Cash and cash equivalents are held as follows:

Cash and cash equivalents - Global Advance fund	\$ 3,600,944	\$ 2,676,685
Cash and cash equivalents - Restricted funds	<u>526,542</u>	<u>43,800</u>

\$ 4,127,486                      \$ 2,720,485

See accompanying notes to the combined financial statements.

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# The Christian and Missionary Alliance in Canada

## Notes to the Combined Financial Statements

December 31, 2020

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### 1. Purpose and governing statutes

The Christian and Missionary Alliance in Canada (the C&MA) is a religious denomination which is committed to world evangelization, stressing the fullness of Christ in personal experience, building the Church, and preaching the gospel to the ends of the earth.

The C&MA is incorporated as a not-for-profit organization under the Canada Not-for-profit Corporations Act and also registered as a Canadian charity. As such, the C&MA is exempt from income taxes.

These combined financial statements include the financial statements of the C&MA and those of a wholly controlled, incorporated, not-for-profit organization. The not-for-profit organization operates with the same purpose of world evangelization.

Subsequent to year end, the C&MA changed its operating name to The Alliance Canada.

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### 2. Summary of significant accounting policies

The combined financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations, the more significant of which are outlined below.

#### Use of estimates

Management reviews the carrying amounts of items in the combined financial statements at each combined statement of financial position date to assess the need for revision or any possibility of impairment. Certain items in the preparation of these combined financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. These estimates are reviewed periodically and adjustments are made to excess (deficiency) of revenue over expenditures as appropriate in the year they become known.

#### Fund accounting

Separate funds are maintained to account for and to report on the separate activities or objectives as determined by donors or by resolution of the Board of Directors (the "Board").

#### Global Advance fund

The Global Advance Fund (GAF) reflects all general programs and activities and missionary work of the C&MA.

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# The Christian and Missionary Alliance in Canada

## Notes to the Combined Financial Statements

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December 31, 2020

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### 2. Summary of significant accounting policies (continued)

#### Internally restricted funds (further detailed in Note 8)

##### *Legacy and Matured Gift Annuity Reserve*

The Legacy and Matured Gift Annuity Reserve was established by the Board in 2010. This reserve provides further protection against unforeseen expenses or reductions in revenue, over and above the Emergency Reserve. This reserve may only be accessed by Board approval.

##### *Emergency Reserve*

The Emergency Reserve was established in 1993 pursuant to a resolution by the Board to protect the C&MA against unforeseen expenses or reductions in revenue. In accordance with Board policy, this fund is to be built up and then to maintain as an emergency reserve an amount equivalent to one month of Global Advance Fund (GAF) expenditures.

##### *Future Compensation Reserve*

The Future Compensation Reserve was established pursuant to a resolution by the Board in 2019. The repatriated funds from the 2019 unexpected sale of property in Hong Kong in the amount of \$250,000 were approved to be allocated to the Future Compensation Reserve. This reserve was established to assist with the funding of the future compensation adjustments that will occur as a result of a study being completed to review the composition of the total payroll for our International Workers.

##### *GAF Future Spending Reserve*

The GAF Future Spending Reserve was established by the Board in 2015, as one means of furthering the goal of sustainable funding and sustainable spending. A portion of undesignated legacy gifts is transferred to this reserve account, to be provided back to GAF for spending in subsequent years.

##### *Venture Reserve*

The Venture Reserve was established pursuant to a resolution by the Board in 2018. The repatriated funds from the unexpected sale of the Hong Kong property were approved to be allocated in 2018 designated to mission critical Venture Projects temporarily held in Operating Reserves.

##### *Multicultural Ministries Operating Reserve*

The Multicultural Ministries Operating Reserve was established in 1993. Pursuant to a resolution by the Board in 1999, a reserve equivalent to two months of the Multicultural Ministries operating budget was established as a medium term goal.

##### *Building Replacement fund*

The Building Replacement fund was set up by the Board and consists of the net proceeds from the sale of the National Ministry Centre (NMC) located at 30 Carrier Drive, Toronto, Ontario. These net proceeds were invested in a manner that protects capital from any exposure to impairment, maintains the level of liquidity for ultimate investment in new facilities at the highest rate of return possible. The investment income received during the time prior to the purchase of new land and the construction of new facilities was entirely retained and reinvested back into the Building Replacement fund. During 2020, a new facility was purchased (Note 6) and the fund was subsequently closed.

##### *Cash Flow Reserve*

The Cash Flow Reserve was established by the Board in 2006. This reserve was established to have sufficient cash on hand to meet approved expenses, especially during the summer and fall months when cumulative expenditures often exceed cumulative revenue.

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# The Christian and Missionary Alliance in Canada

## Notes to the Combined Financial Statements

December 31, 2020

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### 2. Summary of significant accounting policies (continued)

#### Internally restricted funds (further detailed in Note 8) (continued)

##### *Operating Reserve*

The Operating Reserve was established pursuant to a resolution by the Board in addition to the emergency and cash flow reserve to build and maintain a reserve equal to one month of GAF expenditures. This reserve fund is intended to provide for unforeseen, unusual expenditures and to provide funding for emergent and/or time-sensitive ministry opportunities. This reserve may only be accessed by Board approval.

##### *2020 Reserve*

The 2020 Reserve was established pursuant to a resolution by the Board in 2019. The repatriated funds from the 2019 unexpected sale of property in Hong Kong in the amount of \$214,291 were approved to be allocated to the 2020 Reserve. This reserve was established to assist with the funding of the planned expanded outreach in 2020 to Least Reached People Groups (LRPG). These funds were used during 2020 operations.

##### *Development Reserve*

The Development Reserve was established pursuant to a resolution by the Board in 2018. The repatriated funds from the unexpected sale of the Hong Kong property were approved to be allocated in 2019 in the amount of \$200,000 as seed for the future potential Trust Funds temporarily held in Operating Reserves and described as Development Reserves. The funds were expended during the year.

##### *General Assembly Reserve*

An internally restricted fund shall be budgeted in Non-Assembly years, providing for one-half of the estimated net costs of the succeeding General Assembly. In 2019, the amount of \$50,000 was reserved and represents one-half of the total anticipated net cost of the 2020 General Assembly.

##### *Missionary Medical Reserve*

The Missionary Medical Reserve was established in 1993 pursuant to a resolution by the Board. This reserve fund maintains funds on hand to deal quickly with a costly medical emergency situation, such as a medical evacuation.

##### *Mission Project Reserve*

The Mission Project Reserve was established pursuant to a resolution by the Board to create a reserve fund to be provided back to GAF for spending in subsequent years to fund costs related to Global Ministries mission projects.

#### **Property fund**

The Property fund includes revenue, expenditures and net assets related to the C&MA's long-term property and equipment.

#### **Restricted funds**

##### *Contributions held pending disbursement*

Externally designated contributions held pending disbursement are contributions received for various designated projects (Note 9).

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# The Christian and Missionary Alliance in Canada

## Notes to the Combined Financial Statements

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December 31, 2020

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### 2. Summary of significant accounting policies (continued)

#### Property and equipment and intangible assets

Purchased property and equipment and intangible assets, in excess of \$1,000, are recorded at cost. Contributed property and equipment are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over the assets' estimated useful life as follows:

Building	Over 25 – 40 years
Property and equipment	
Computer equipment	Over 3 years
Furniture and equipment	Over 5 years
Intangible assets	
Major computer software (systems)	Over 5 years

Leasehold improvements are amortized over the term of the lease.

CM&A moved into the building in March 2021 and amortization of the building will begin effective March 2021.

Amortization is recorded in the combined statement of Global Advance Fund Activities as a component of Culture, Venture and Nurture expenditures.

#### Impairment of long-lived assets

CM&A tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

#### Revenue recognition

The C&MA follows the restricted fund method of accounting. As such, unrestricted contributions and legacies are recognized as revenue of the Global Advance fund in the year received. Contributions which are externally restricted by the donor are recorded in the appropriate restricted funds in the year received.

Investment income is recognized as earned. Registration fees are recognized when the event takes place. Donated investments are recorded in the accounts at fair market value at the time of receipt.

Government assistance, including the Canadian Emergency Wage Subsidy, is recognized in the combined statement of Global Advance Fund Activities when received or receivable in the year to which it relates.

#### Financial instruments

The C&MA's financial instruments are comprised of cash, accounts receivable, investments, housing loans receivable, other loan receivable and accounts payable.

Financial instruments are initially recorded at fair value and subsequently measured at amortized cost except for investments and housing loans receivable.

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# The Christian and Missionary Alliance in Canada

## Notes to the Combined Financial Statements

December 31, 2020

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### 2. Summary of significant accounting policies (continued)

#### Financial instruments (continued)

Investments are recorded and carried at fair market value. Unrealized gains and losses arising from the change in fair value of investments are recorded in excess (deficiency) of revenue over expenditures for the year.

The housing loans receivable are measured at cost as the amortized cost values, using the effective interest method, are not determinable given the undefined period of the obligations.

#### Foreign operations and assets

All expenditures and property and equipment purchases for operations in foreign countries are recorded as ministries expenditures when remitted. This policy is based on the assumption that such assets would rarely return to the C&MA once they are sent overseas.

#### Interfund transfers

Transfers between funds are made when resources of one fund have been authorized to finance activities and acquisitions of another fund. During 2020, in accordance with the terms of the restricted funds, the Board approved the transfer of \$241,803 (2019 - \$167,984) of Restricted funds to the appropriate Global Advance fund activities, \$4,154,647 from the Global Advance fund to the Property fund and \$4,678,942 from the Building Replacement fund to the Property fund to fund the purchase of land and building.

#### Contributed services

Contributed services are not recognized in the combined financial statements due to the difficulty in determining their fair value.

#### Allocation of expenditures

Expenses are reported by ministry program and support services. Certain employees perform a combination of ministry, fundraising and administrative activities. As a result, expenses for various staff, office, administrative infrastructure and regulatory compliance costs are allocated based on time dedicated to each activity. Other costs including printed material, video and web site expenses have been allocated based on the level of education and awareness building content for each activity. Expense allocations are applied on a consistent basis from year to year. See Note 11 for details.

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# The Christian and Missionary Alliance in Canada

## Notes to the Combined Financial Statements

December 31, 2020

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### 3. Investments, at market value

	<u>2020</u>	<u>2019</u>
Fixed income	\$ 2,516,706	\$ 4,295,912
Mutual funds	1,873,219	1,607,864
Equities	378,813	368,384
Investment certificate (a)	-	4,624,840
	<u>\$ 4,768,738</u>	<u>\$ 10,897,000</u>

Investment income for the year recorded in the Global Advance fund is made up of the following:

	<u>2020</u>	<u>2019</u>
Interest	\$ 150,683	\$ 190,454
Unrealized gains on investments	122,467	269,015
Dividends	10,193	84
Realized gains on investments	<u>638</u>	<u>15,230</u>
	<u>\$ 283,981</u>	<u>\$ 474,783</u>

The fixed income investments include bonds and guaranteed investment certificates earning interest at rates from 0.77% to 3.42% per annum and mature between January 2021 and February 2028. Investments maturing in the next fiscal year are expected to be reinvested and are accordingly presented as long-term assets.

#### *(a) Investment Certificate*

The C&MA invested \$4,400,000 from the sale of the National Ministry Centre (NMC) at 30 Carrier Drive in Toronto with the Western Canadian District (WCD) in their District Investment Fund on July 6, 2018. Interest was received at an annual rate of the Royal Bank of Canada (RBC) prime less 0.5%. During 2020, \$81,146 (2019 - \$154,295) was earned in interest.

The Investment Certificate including total principal and earned interest was redeemed on September 30, 2020 and utilized to purchase the new C&MA head office facilities at 2580 Matheson Boulevard East, Mississauga, Ontario on October 1, 2020. The facility is being renovated and was occupied in March 2021.

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### 4. Housing loans receivable/reserve

The C&MA extends loans to employees who relocate as a consequence of assuming duties with the C&MA. The loans are interest-free and employees can make voluntary repayments at any time. Housing loans are fully repayable upon termination of employment.

# The Christian and Missionary Alliance in Canada

## Notes to the Combined Financial Statements

December 31, 2020

### 5. Other loan receivable

C&MA provided a non-interest bearing loan to the Alliance Chretienne ET Missionnaire Au Quebec (St. Lawrence District) in the amount of \$300,000 to assist them in their purchase of their Ministry Centre in fiscal 2018. The loan is secured by a second charge on the St. Lawrence District Ministry Centre at 3190 Rue Delauney, Laval, QC repayable in full from the proceeds of the sale of the building, if and when it is sold.

### 6. Property and equipment and intangible assets

			<u>2020</u>	<u>2019</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Property and equipment				
Land	\$ 2,151,643	\$ -	\$ 2,151,643	\$ -
Building	6,730,487	-	6,730,487	-
Leasehold improvements	127,031	102,336	24,695	67,031
Computer equipment	154,343	117,808	36,535	44,565
Furniture and equipment	<u>462,211</u>	<u>209,915</u>	<u>252,296</u>	<u>82,422</u>
	<u>\$ 9,625,715</u>	<u>\$ 430,059</u>	<u>\$ 9,195,656</u>	<u>\$ 194,018</u>
Intangible assets				
Major computer software (systems)	<u>\$ 95,347</u>	<u>\$ 52,098</u>	<u>\$ 43,249</u>	<u>\$ 62,318</u>

CM&A moved into the building in March 2021 and amortization of the building will begin effective March 2021.

### 7. Deferred revenue

During 2018, an estate of \$250,000 was received by the C&MA and directed by the donor to be used evenly over 10 years starting in 2018. The donation is specified for the Global Advance Fund and will be recognized in the amount of \$25,000 per year until 2027.

# The Christian and Missionary Alliance in Canada

## Notes to the Combined Financial Statements

December 31, 2020

### 8. Internally restricted funds

	<u>2020</u>	<u>2019</u>
Reserves		
Legacy and Matured Gift Annuity	\$ 1,633,144	\$ 200,000
Emergency	1,000,143	1,427,401
Future Compensation	250,000	250,000
GAF Future Spending	103,310	152,698
Venture	68,481	141,866
Multicultural Ministries Operating	31,295	126,295
Building replacement	-	4,105,789
Cash flow	-	658,801
Operating	-	429,836
2020	-	214,291
Development	-	191,345
General Assembly Reserve	-	50,000
Missionary Medical	-	50,000
Mission Project	-	41,951
	<u>\$ 3,086,373</u>	<u>\$ 8,040,273</u>

### 9. Funds held pending disbursement

The C&MA receives designated gifts from a variety of sources and generally will hold these funds until the time that they are specifically needed. It is normally advantageous to the ministry purpose of the donation to hold the funds in a hard currency such as the Canadian dollar, rather than immediately sending the funds overseas into a softer currency, where the funds could have a greater risk of devaluation. Designated contributions are provided for a variety of ministry purposes, including the following: Alliance Women's Ministries Projects, Alliance Men's Ministries Projects, Missionary's Car funds, Missionary's Work funds, Approved Special projects, CAMA Services, and others.

### 10. Related party transactions

During the year, the C&MA made a contribution of \$191,345 to the Alliance Charitable Foundation (the "Foundation") included in Advancement expenditures. The Foundation is significantly influenced by the C&MA due to common Board members and management. The Foundation is incorporated as a not-for-profit organization under the Canada Not-for-profit Corporations Act and also registered as a Canadian charity. Related party transactions are recorded at the exchange amount.

# The Christian and Missionary Alliance in Canada

## Notes to the Combined Financial Statements

December 31, 2020

### 11. Allocation of expenditures

Certain administration and communication expenditures have been allocated as follows:

				<u>2020</u>	<u>2019</u>
	<u>Culture</u>	<u>Venture</u>	<u>Nurture</u>	<u>Total</u>	<u>Total</u>
Administration	\$ 290,045	\$ 290,045	\$ 290,045	<b>\$ 870,135</b>	\$ 979,404
Communication	<u>23,677</u>	<u>23,677</u>	<u>23,677</u>	<b><u>71,031</u></b>	<u>152,748</u>
	<b><u>\$ 313,722</u></b>	<b><u>\$ 313,722</u></b>	<b><u>\$ 313,722</u></b>	<b><u>\$ 941,166</u></b>	<b><u>\$ 1,132,152</u></b>

### 12. Post-retirement benefits

The C&MA participates in a defined contribution pension plan to provide post-retirement benefits to its eligible employees. The assets of the plan are held separately from those of the C&MA in an independently administered registered pension plan. The pension expense is equal to the contributions paid by the C&MA and for the year amounted to \$428,768 (2019 - \$462,301) and recorded as expenditures in the combined statement of Global Advance Fund Activities.

### 13. Line of credit and credit cards

C&MA has a \$1,000,000 line of credit from the Canadian Imperial Bank of Commerce with interest payable at a rate of prime plus 0.75% per annum. The line was not drawn in 2020.

In addition, C&MA has access to a credit card limit of \$500,000. At December 31, 2020, \$15,000 is payable on the credit cards and accrued in the accounts.

The credit facilities are secured by all present and after acquired personal property and an investment with CIBC Wood Gundy in the amount of \$1,053,000.

### 14. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of combined financial statements in assessing the extent of risk related to financial instruments.

#### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet its obligation. This risk is mitigated by the C&MA through ensuring revenue is derived from qualified sources. The allowance for doubtful accounts in relation to accounts receivable, housing loans receivable and other loans receivable is \$Nil (2019 - \$Nil).

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# The Christian and Missionary Alliance in Canada

## Notes to the Combined Financial Statements

December 31, 2020

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### 14. Financial instruments (continued)

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The C&MA is exposed to interest rate risk with respect to investments with fixed interest rates and the variable interest rate on the other loans receivable.

#### Currency risk

Currency risk is the risk arising from the change in price of one currency against another. The C&MA is exposed to currency risk with respect to a portion of its cash held in US dollars, and with mutual fund investments in underlying securities that are priced in a currency other than the Canadian dollar. Cash held in bank accounts in US dollars at year-end is \$1,092,860 (2019 - \$574,554). The gain/loss on foreign exchange is insignificant.

#### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The C&MA is exposed to liquidity risk with respect to its accounts payable. The C&MA reduces its exposure to liquidity risk related to accounts payable by ensuring that it documents when authorized payments are due and maintaining adequate cash reserves to meet obligations. Included in accounts payable and accrued liabilities are government remittances owing of \$60,884 (2019 - \$Nil) in relation to Harmonized sales tax payable from the purchase of land and building.

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### 15. Commitments

On March 16, 2018, an offer to lease 12,382 square feet on one floor was made to temporarily house the NMC office facility. The term of the lease is 3 years and 3 months from May 1, 2020 to July 31, 2021.

The future contractual aggregate minimum lease payments under this non-cancellable operating lease for the year ended December 31, 2021 is \$92,091.

In addition, C&MA entered into a contract with Maple Reinders for renovations to the new building in the amount of \$564,000. Costs of \$324,500 to December 31, 2020 have been paid or accrued in the accounts. The remaining balance of the contract will be paid in 2021.

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### 16. Contingencies

Certain claims arising out of the normal course of operations have been filed against CM&A. In the opinion of management, the outcome of the claims is not determinable. Any loss resulting from the resolution of these claims will be charged to operations in the year of resolution.

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# **The Christian and Missionary Alliance in Canada**

## **Notes to the Combined Financial Statements**

December 31, 2020

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### **17. Impact of COVID-19**

The outbreak of a novel strain of coronavirus (“COVID-19”) was declared a global pandemic by the World Health Organization in March 2020. COVID-19 has severely impacted many economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the C&MA for future periods. As at the audit report date, CM&A experienced a decline in contributions relative to historical trends. However, CM&A expects that ongoing cost mitigation efforts in addition to government assistance will provide the necessary support for the foreseeable future.