



## Combined Financial Statements

The Christian and Missionary Alliance in Canada  
operating as The Alliance Canada

December 31, 2021

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# Independent Auditor's Report

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To the Directors of  
The Christian and Missionary Alliance in Canada  
operating as The Alliance Canada

## Opinion

We have audited the combined financial statements of The Christian and Missionary Alliance in Canada (operating as The Alliance Canada) (the "Alliance"), which comprise the combined statement of financial position as at December 31, 2021, 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 (operating as The Alliance Canada) as at December 31, 2021, 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 Alliance 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 Alliance'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 Alliance or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Alliance 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 Alliance '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 Alliance 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 Alliance 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 5, 2022

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

Chartered Professional Accountants  
Licensed Public Accountants

**The Christian and Missionary Alliance in Canada  
operating as The Alliance Canada  
Combined Statement of Financial Position**

December 31

	Global Advance Fund	Property Fund	Restricted Funds	2021 Total	2020 Total
<b>Assets</b>					
<b>Current</b>					
Cash	\$ 3,817,943	\$ -	\$ 600,110	\$ 4,418,053	\$ 4,127,486
Accounts receivable	35,786	-	15,488	51,274	61,193
Prepaid expenses	<u>235,300</u>	-	-	<u>235,300</u>	<u>178,345</u>
	<u>4,089,029</u>	-	<u>615,598</u>	<u>4,704,627</u>	<u>4,367,024</u>
<b>Long-term assets</b>					
Investments (Note 3)	384,688	-	6,349,019	6,733,707	4,768,738
Housing loans receivable (Note 4)	492,998	-	-	492,998	517,998
Other loan receivable (Note 5)	300,000	-	-	300,000	300,000
Property and equipment (Note 6)	276,146	9,080,091	-	9,356,237	9,195,656
Intangible assets (Note 6)	<u>31,518</u>	-	-	<u>31,518</u>	<u>43,249</u>
	<u>1,485,350</u>	<u>9,080,091</u>	<u>6,349,019</u>	<u>16,914,460</u>	<u>14,825,641</u>
	<u>\$ 5,574,379</u>	<u>\$ 9,080,091</u>	<u>\$ 6,964,617</u>	<u>\$21,619,087</u>	<u>\$19,192,665</u>
<b>Liabilities</b>					
<b>Current</b>					
Accounts payable and accrued liabilities	\$ 976,562	\$ -	\$ -	\$ 976,562	\$ 887,676
<b>Long-term</b>					
Deferred revenue (Note 7)	<u>150,000</u>	-	-	<u>150,000</u>	<u>175,000</u>
	<u>1,126,562</u>	-	-	<u>1,126,562</u>	<u>1,062,676</u>
<b>Fund balances</b>					
Internally restricted (Note 8)	3,647,155	-	-	3,647,155	3,086,373
Housing loan reserve (Note 4)	492,998	-	-	492,998	517,998
Invested in property and equipment and intangible assets	307,664	9,080,091	-	9,387,755	9,206,993
Externally restricted	-	-	6,964,617	6,964,617	5,318,625
	<u>4,447,817</u>	<u>9,080,091</u>	<u>6,964,617</u>	<u>20,492,525</u>	<u>18,129,989</u>
	<u>\$ 5,574,379</u>	<u>\$ 9,080,091</u>	<u>\$ 6,964,617</u>	<u>\$21,619,087</u>	<u>\$19,192,665</u>

On behalf of the Board of Directors



Director



Director

See accompanying notes to the combined financial statements.

**The Christian and Missionary Alliance in Canada  
operating as The Alliance Canada  
Combined Statement of Global Advance Fund Activities**

Year ended December 31

	2021 Total	2020 Total
Revenue		
General contributions	\$ 13,372,170	\$ 12,808,129
Estates and legacies	876,402	2,092,441
Government assistance	499,109	1,893,403
Districts contributions	314,772	265,636
Support contribution	243,716	164,610
Investment income (Note 3)	140,441	283,981
Sundry	<u>108,132</u>	<u>86,676</u>
	<u>15,554,742</u>	<u>17,594,876</u>
Expenditures		
Venture		
Global ministries	9,022,991	8,731,282
Justice and compassion/defend dignity	350,971	321,772
Multicultural	326,998	251,690
Culture		
Executive Administration	1,853,376	1,688,573
General Assembly	2,634	118,730
Nurture		
Nurture	1,273,523	1,061,927
Education grants	836,000	823,000
Advancement (Note 9)	31,875	233,986
Leadership identification and development	134,160	140,428
Envision	22,440	22,767
Network	13,709	17,603
Structure		
Finance	719,146	706,747
Communication	<u>312,189</u>	<u>366,199</u>
	<u>14,900,012</u>	<u>14,484,704</u>
Excess of revenue over expenditures	654,730	3,110,172
Fund balances, beginning of year	3,961,146	4,763,818
Transfer to Property fund (Note 2)	(368,059)	(4,154,647)
Transfer from Restricted funds (Note 2)	<u>200,000</u>	<u>241,803</u>
Fund balances, end of year	<u>\$ 4,447,817</u>	<u>\$ 3,961,146</u>

See accompanying notes to the combined financial statements.

**The Christian and Missionary Alliance in Canada  
operating as The Alliance Canada  
Combined Statement of Property Fund Activities**

Year ended December 31	2021	2020
Revenue		
Rent	\$ 131,007	\$ -
Resource property income	<u>23,602</u>	<u>16,629</u>
	<u>154,609</u>	<u>16,629</u>
Expenditures		
Amortization	152,055	-
Property taxes	109,959	-
Moving expenses	<u>30,781</u>	<u>-</u>
	<u>292,795</u>	<u>-</u>
(Deficiency) excess of revenue over expenditures	(138,186)	16,629
Fund balance, beginning of year	8,850,218	-
Transfer from Global Advance fund (Note 2)	368,059	4,154,647
Transfer from Building Replacement fund	<u>-</u>	<u>4,678,942</u>
Fund balance, end of year	<u>\$ 9,080,091</u>	<u>\$ 8,850,218</u>

**The Christian and Missionary Alliance in Canada  
operating as The Alliance Canada  
Combined Statement of Building Replacement Fund  
Activities**

Year ended December 31	2021	2020
Revenue		
Investment certificate income	\$ -	\$ 81,146
Expenditures	<u>-</u>	<u>12,899</u>
Excess of revenue over expenditures	-	68,247
Fund balance, beginning of year	-	4,610,695
Transfer to Property fund	<u>-</u>	<u>(4,678,942)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the combined financial statements.

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**The Christian and Missionary Alliance in Canada  
operating as The Alliance Canada  
Combined Statement of Restricted Fund Activities**

Year ended December 31

**2021**

2020

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Increases		
Designated contributions	<b>\$ 5,929,870</b>	\$ 4,964,413
Decreases		
Designated funds disbursed	<u><b>4,083,878</b></u>	<u>4,803,701</u>
Net increase in funds	<b>1,845,992</b>	160,712
Fund balance, beginning of year	<b>5,318,625</b>	5,399,716
Transfer to Global Advance fund (Note 2)	<u><b>(200,000)</b></u>	<u>(241,803)</u>
Fund balance, end of year	<u><b>\$ 6,964,617</b></u>	<u>\$ 5,318,625</u>

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See accompanying notes to the combined financial statements.

**The Christian and Missionary Alliance in Canada  
operating as The Alliance Canada  
Combined Statement of Cash Flows**

Year ended December 31

2021

2020

Increase (decrease) in cash and cash equivalents

**Operating**

Excess (deficiency) of revenue over expenditures

Global Advance fund \$ 654,730 \$ 3,110,172

Property fund (138,186) 16,629

Building Replacement fund - 68,247

Net increase in Restricted funds 1,845,992 160,712

Items not involving cash

Amortization of property and equipment 260,140 91,021

Amortization of intangible assets 17,731 19,069

Realized losses (gains) on investments (Note 3) 875 (638)

Unrealized gains on investments (Note 3) (53,778) (122,467)

2,587,504 3,342,745

Net change in non-cash working capital items

Accounts receivable 9,919 80,144

Prepaid expenses (56,955) 115,381

Accounts payable and accrued liabilities 88,886 175,117

Deferred revenue (25,000) (25,000)

16,850 345,642

2,604,354 3,688,387

**Investing**

Purchase of investments (5,419,435) (4,383,011)

Proceeds on disposal of investments 3,507,369 10,634,378

Repayment of housing loans receivable 25,000 55,000

Purchase of property and equipment and Intangible assets (426,721) (8,587,753)

(2,313,787) (2,281,386)

Net change in cash during the year 290,567 1,407,001

Cash, beginning of year 4,127,486 2,720,485

Cash, end of year \$ 4,418,053 \$ 4,127,486

Cash and cash equivalents are held as follows:

Cash and cash equivalents - Global Advance fund \$ 3,817,943 \$ 3,600,944

Cash and cash equivalents - Restricted funds 600,110 526,542

\$ 4,418,053 \$ 4,127,486

See accompanying notes to the combined financial statements.

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

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

December 31, 2021

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### **1. Purpose and governing statutes**

The Christian and Missionary Alliance in Canada (operating as The Alliance Canada) (the “Alliance”) 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 Alliance 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 Alliance is exempt from income taxes.

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

During the year, the Alliance 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 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 Alliance.

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# The Christian and Missionary Alliance in Canada operating as The Alliance Canada Notes to the Combined Financial Statements

December 31, 2021

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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 Alliance 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.

#### *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.

#### *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.

#### *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 2021, the amount of \$50,000 was reserved and represents one-half of the total anticipated net cost of the 2022 General Assembly.

#### *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.

#### *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.

#### *Future Compensation Reserve*

The Future Compensation Reserve was established pursuant to a resolution by the Board in 2020. The repatriated funds from the 2020 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 compensation adjustments that occurred in 2021 as a result of a study that was completed in 2021 to review the composition of the total payroll for the International Workers. These funds were completely used during 2021 operations and the fund closed.

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# The Christian and Missionary Alliance in Canada operating as The Alliance Canada Notes to the Combined Financial Statements

December 31, 2021

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

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

#### *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. These funds were fully used during 2021 operations and the Multicultural Ministries Operating Reserve was closed.

#### **Property fund**

The Property fund includes revenue, expenditures and net assets related to the Alliance'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.

The Alliance 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: Global Emergency Response, Defend Dignity, First Nations Ministries, Missionary's Car funds, Missionary's Work funds, Approved Special projects, and others.

#### **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:

Property and equipment	
Building	Over 25 - 40 years
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.

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

The Alliance moved into the building in March 2021 and amortization of the building began effective March 2021. Amortization of the building is recorded in the property fund.

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# **The Christian and Missionary Alliance in Canada operating as The Alliance Canada Notes to the Combined Financial Statements**

December 31, 2021

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

### **Impairment of long-lived assets**

The Alliance 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 Alliance 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 Alliance'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.

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.

For financial assets measured at cost or amortized cost, Alliance regularly assesses whether there are any indications of impairment. Any impairment loss is recognized in the statement of activities.

### **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 Alliance once they are sent overseas.

# The Christian and Missionary Alliance in Canada operating as The Alliance Canada Notes to the Combined Financial Statements

December 31, 2021

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

### Interfund transfers

Transfers between funds are made when resources of one fund have been authorized to finance activities and acquisitions of another fund. During 2021, in accordance with the terms of the restricted funds, the Board approved the transfer of \$200,000 (2020 - \$241,803) of Restricted funds to the appropriate Global Advance fund activities, \$368,059 from the Global Advance fund to the Property fund to fund the purchase of property and equipment.

### 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 10 for details.

## 3. Investments

	<u>2021</u>	<u>2020</u>
Fixed income	\$ <b>3,063,021</b>	\$ 2,516,706
Mutual funds	<b>2,063,294</b>	1,873,219
Equities	<u><b>1,607,392</b></u>	<u>378,813</u>
	<u><b>\$ 6,733,707</b></u>	<u>\$ 4,768,738</u>

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

	<u>2021</u>	<u>2020</u>
Interest	\$ <b>64,399</b>	\$ 150,683
Unrealized gains on investments	<b>53,778</b>	122,467
Dividends	<b>23,139</b>	10,193
Realized (losses) gains on investments	<u><b>(875)</b></u>	<u>638</u>
	<u><b>\$ 140,441</b></u>	<u>\$ 283,981</u>

The fixed income investments include bonds and guaranteed investment certificates earning interest at rates from 0.57% to 3.18% per annum and mature between January 2022 and February 2028 (2020 - 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.

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# The Christian and Missionary Alliance in Canada

## operating as The Alliance Canada

### Notes to the Combined Financial Statements

December 31, 2021

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#### 4. Housing loans receivable/reserve

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

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#### 5. Other loan receivable

The Alliance 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.

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#### 6. Property and equipment and intangible assets

			<u>2021</u>	<u>2020</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Property and equipment				
Land	\$ 2,151,643	\$ -	<b>\$ 2,151,643</b>	\$ 2,151,643
Building	7,080,503	152,055	<b>6,928,448</b>	6,730,487
Leasehold improvements	-	-	-	24,695
Computer equipment	215,823	150,433	<b>65,390</b>	36,535
Furniture and equipment	<u>338,073</u>	<u>127,317</u>	<b><u>210,756</u></b>	<u>252,296</u>
	<b><u>\$ 9,786,042</u></b>	<b><u>\$ 429,805</u></b>	<b><u>\$ 9,356,237</u></b>	<b><u>\$ 9,195,656</u></b>
Intangible assets				
Major computer software (systems)	<u>\$ 101,348</u>	<u>\$ 69,830</u>	<b><u>\$ 31,518</u></b>	<b><u>\$ 43,249</u></b>

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#### 7. Deferred revenue

During 2018, an estate of \$250,000 was received by the Alliance 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**  
**operating as The Alliance Canada**  
**Notes to the Combined Financial Statements**

December 31, 2021

**8. Internally restricted funds**

	<u>2021</u>	<u>2020</u>
Reserves		
Legacy and Matured Gift Annuity	\$ 1,940,266	\$ 1,633,144
Emergency	1,434,397	1,000,143
Cash flow	125,330	-
GAF Future Spending	53,918	103,310
General Assembly Reserve	50,000	-
Venture	28,197	68,481
Operating	15,047	-
Future Compensation	-	250,000
Multicultural Ministries Operating	-	31,295
	<u>\$ 3,647,155</u>	<u>\$ 3,086,373</u>

**9. Related party transactions**

During the year, the Alliance made a contribution of \$Nil (2020 - \$191,345) to the Alliance Charitable Foundation (the "Foundation") included in Advancement expenditures. The Foundation is significantly influenced by the Alliance 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.

**10. Allocation of expenditures**

Certain administration and communication expenditures have been allocated as follows:

				<u>2021</u>	<u>2020</u>
	<u>Culture</u>	<u>Venture</u>	<u>Nurture</u>	<u>Total</u>	<u>Total</u>
Administration	\$ 364,845	\$ 364,845	\$ 364,845	\$ 1,094,535	\$ 870,135
Communication	<u>32,152</u>	<u>32,152</u>	<u>32,152</u>	<u>96,456</u>	<u>71,031</u>
	<u>\$ 396,997</u>	<u>\$ 396,997</u>	<u>\$ 396,997</u>	<u>\$ 1,190,991</u>	<u>\$ 941,166</u>

**11. Post-retirement benefits**

The Alliance 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 Alliance in an independently administered registered pension plan. The pension expense is equal to the contributions paid by the Alliance and for the year amounted to \$471,322 (2020 - \$428,768) and recorded as expenditures in the combined statement of Global Advance Fund Activities.

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# The Christian and Missionary Alliance in Canada operating as The Alliance Canada Notes to the Combined Financial Statements

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## 12. Line of credit and credit cards

The Alliance 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 2021.

In addition, the Alliance has access to a credit card limit of \$500,000. At December 31, 2021, \$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.

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## 13. 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 Alliance 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 (2020 - \$Nil).

### 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 Alliance 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 Alliance is exposed to currency risk with respect to a portion of its cash held in US dollars. Cash held in bank accounts in US dollars at year-end is \$1,317,932 (2020 - \$1,092,860). 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 Alliance is exposed to liquidity risk with respect to its accounts payable. The Alliance 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.

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# **The Christian and Missionary Alliance in Canada operating as The Alliance Canada Notes to the Combined Financial Statements**

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## **14. 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, organizations 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 organizations worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility. 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 Alliance for future periods. During the year, government assistance was received in the amount of \$499,109 (2020 - \$1,893,403). Management continues to manage the budget to provide continuing levels of operations and service.