



Combined Financial Statements

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

December 31, 2022

Contents

	Page
Independent Auditor's Report	1 - 2
Combined Statement of Financial Position	3
Combined Statement of Global Advance Fund Activities	4
Combined Statement of Property Fund Activities	5
Combined Statement of Restricted Fund Activities	5
Combined Statement of Cash Flows	6
Notes to the Combined Financial Statements	7 - 14

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, 2022, 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, 2022, 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.

Grant Thornton LLP

Mississauga, Canada
March 31, 2023

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	2022 Total	2021 Total
Assets					
Current					
Cash	\$ 1,259,211	\$ -	\$ 1,112,966	\$ 2,372,177	\$ 4,418,053
Accounts receivable	73,252	-	35,710	108,962	51,274
Other loans receivable (Note 5)	600,000	-	-	600,000	-
Prepaid expenses	291,100	-	-	291,100	235,300
	<u>2,223,563</u>	<u>-</u>	<u>1,148,676</u>	<u>3,372,239</u>	<u>4,704,627</u>
Long-term assets					
Investments (Note 3)	360,102	-	7,393,676	7,753,778	6,733,707
Housing loans receivable (Note 4)	469,998	-	-	469,998	492,998
Other loans receivable (Note 5)	300,000	-	-	300,000	300,000
Property and equipment (Note 6)	229,859	8,918,433	-	9,148,292	9,356,237
Intangible assets (Note 6)	33,260	-	-	33,260	31,518
	<u>1,393,219</u>	<u>8,918,433</u>	<u>7,393,676</u>	<u>17,705,328</u>	<u>16,914,460</u>
	<u>\$ 3,616,782</u>	<u>\$ 8,918,433</u>	<u>\$ 8,542,352</u>	<u>\$21,077,567</u>	<u>\$21,619,087</u>
Liabilities					
Current					
Accounts payable and accrued liabilities	\$ 946,434	\$ -	\$ -	\$ 946,434	\$ 976,562
Long-term					
Deferred revenue (Note 7)	125,000	-	-	125,000	150,000
	<u>1,071,434</u>	<u>-</u>	<u>-</u>	<u>1,071,434</u>	<u>1,126,562</u>
Fund balances					
Internally restricted (Note 8)	1,812,231	-	-	1,812,231	3,647,155
Housing loan reserve (Note 4)	469,998	-	-	469,998	492,998
Invested in property and equipment and intangible assets	263,119	8,918,433	-	9,181,552	9,387,755
Externally restricted	-	-	8,542,352	8,542,352	6,964,617
	<u>2,545,348</u>	<u>8,918,433</u>	<u>8,542,352</u>	<u>20,006,133</u>	<u>20,492,525</u>
	<u>\$ 3,616,782</u>	<u>\$ 8,918,433</u>	<u>\$ 8,542,352</u>	<u>\$21,077,567</u>	<u>\$ 21,619,087</u>

On behalf of the Board of Directors



Director



Director

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

Year ended December 31

	2022 Total	2021 Total
Revenue		
General contributions (Note 9)	\$ 12,948,646	\$ 13,372,170
Estates and legacies	818,640	876,402
Support contribution	405,748	243,716
General assembly registration	290,597	-
Districts contributions	281,622	314,772
Sundry	98,184	108,132
Government assistance	-	499,109
Investment income (loss) (Note 3)	<u>(340,791)</u>	<u>140,441</u>
	<u>14,502,646</u>	<u>15,554,742</u>
Expenditures (Note 10)		
International		
Global ministries	9,865,128	9,022,991
Justice and compassion/defend dignity	410,254	350,971
Multicultural	318,362	326,998
President's offices		
Executive Administration	2,335,654	1,853,376
General Assembly	495,422	2,634
National		
Nurture	989,851	1,273,523
Education grants	760,000	836,000
Leadership identification and development	304,491	134,160
Envision	67,288	22,440
Advancement	49,417	31,875
Network	22,933	13,709
Operations		
Finance	760,416	719,146
Communication	<u>264,054</u>	<u>312,189</u>
	<u>16,643,270</u>	<u>14,900,012</u>
(Deficiency) excess of revenue over expenditures	(2,140,624)	654,730
Fund balances, beginning of year	4,447,817	3,961,146
Transfer from (to) Property fund (Note 2)	86,397	(368,059)
Transfer from Restricted funds (Note 2)	<u>151,758</u>	<u>200,000</u>
Fund balances, end of year	\$ 2,545,348	\$ 4,447,817

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	2022	2021
Revenue		
Rent	\$ 132,900	\$ 131,007
Resource property income	<u>57,815</u>	<u>23,602</u>
	<u>190,715</u>	<u>154,609</u>
Expenditures		
Amortization	183,500	152,055
Property taxes	82,476	109,959
Moving expenses	<u>-</u>	<u>30,781</u>
	<u>265,976</u>	<u>292,795</u>
Deficiency of revenue over expenditures	(75,261)	(138,186)
Fund balance, beginning of year	9,080,091	8,850,218
Transfer (to) from Global Advance fund (Note 2)	<u>(86,397)</u>	<u>368,059</u>
Fund balance, end of year	<u>\$ 8,918,433</u>	<u>\$ 9,080,091</u>

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

Year ended December 31	2022	2021
Increases		
Designated contributions	\$ 8,333,665	\$ 5,929,870
Decreases		
Designated funds disbursed	<u>6,604,172</u>	<u>4,083,878</u>
Net increase in funds	1,729,493	1,845,992
Fund balance, beginning of year	6,964,617	5,318,625
Transfer to Global Advance fund (Note 2)	<u>(151,758)</u>	<u>(200,000)</u>
Fund balance, end of year	<u>\$ 8,542,352</u>	<u>\$ 6,964,617</u>

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

2022

2021

Increase (decrease) in cash

Operating

(Deficiency) excess of revenue over expenditures

Global Advance fund	\$ (2,140,624)	\$ 654,730
Property fund	(75,261)	(138,186)

Net increase in Restricted funds	1,729,493	1,845,992
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Items not involving cash

Amortization of property and equipment	283,157	260,140
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Amortization of intangible assets	16,751	17,731
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Realized (gains) losses on investments (Note 3)	(540)	875
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Unrealized losses (gains) on investments (Note 3)	<u>668,522</u>	<u>(53,778)</u>
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	<u>481,498</u>	<u>2,587,504</u>
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Net change in non-cash working capital items

Accounts receivable	(57,688)	9,919
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Prepaid expenses	(55,800)	(56,955)
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Accounts payable and accrued liabilities	(30,128)	88,886
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Deferred revenue	<u>(25,000)</u>	<u>(25,000)</u>
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	<u>(168,616)</u>	<u>16,850</u>
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	<u>312,882</u>	<u>2,604,354</u>
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Investing

Purchase of investments	(4,377,964)	(5,419,435)
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Proceeds on disposal of investments	2,689,911	3,507,369
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Advance of other loans receivable	(600,000)	-
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Repayment of housing loans receivable (net)	23,000	25,000
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Purchase of property and equipment and Intangible assets	<u>(93,705)</u>	<u>(426,721)</u>
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	<u>(2,358,758)</u>	<u>(2,313,787)</u>
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Net change in cash during the year	(2,045,876)	290,567
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Cash, beginning of year	<u>4,418,053</u>	<u>4,127,486</u>
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Cash, end of year	<u>\$ 2,372,177</u>	<u>\$ 4,418,053</u>
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Cash is held as follows:

Cash - Global Advance fund	\$ 1,259,211	\$ 3,817,943
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Cash - Restricted funds	<u>1,112,966</u>	<u>600,110</u>
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	<u>\$ 2,372,177</u>	<u>\$ 4,418,053</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)

Notes to the Combined Financial Statements

December 31, 2022

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.

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 Alliance.

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.

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.

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

December 31, 2022

2. Summary of significant accounting policies (continued)

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

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 is 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 represented one-half of the total anticipated net cost of the 2022 General Assembly.

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.

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.

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

December 31, 2022

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:

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 international, President's offices and national 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.

Impairment of long-lived assets

The Alliance tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets might be impaired. The assets are tested for impairment by comparing the net carrying value to their fair value or replacement cost. If the asset's fair value or replacement cost is determined to be less than its net carrying value, the resulting impairment is reported in the statement of activities. Any impairment recognized is not reversed.

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 and rent 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, other loans receivable, investments, housing loans receivable and accounts payable.

Initial measurement

The Alliance's financial instruments are measured at fair value when issued or acquired, except for certain non-arm's length transactions.

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

Notes to the Combined Financial Statements

December 31, 2022

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets and financial liabilities in related party transactions are initially measured at cost, with the exception of certain instruments which are initially measured at fair value. The Alliance does not have any financial assets or financial liabilities in related party transactions which are initially measured at fair value.

Gains or losses arising on initial measurement differences are generally recognized in excess (deficiency) of revenue over expenditures when the transaction is in the normal course of operations, and in fund balances when the transaction is not in the normal course of operations, subject to certain exceptions.

Subsequent measurement

At each reporting date, the Alliance measures its financial assets and liabilities 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 combined 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.

Interfund transfers

Transfers between funds are made when resources of one fund have been authorized to finance activities and acquisitions of another fund. During 2022, in accordance with the terms of the restricted funds, the Board approved the transfer of \$151,758 (2021 - \$200,000) of Restricted funds to the appropriate Global Advance fund activities and \$86,397 (2021 - \$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.

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

December 31, 2022

3. Investments

	<u>2022</u>	<u>2021</u>
Fixed income	\$ 3,490,744	\$ 3,063,021
Equities	2,284,179	1,607,392
Mutual funds	<u>1,978,855</u>	<u>2,063,294</u>
	<u>\$ 7,753,778</u>	<u>\$ 6,733,707</u>

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

	<u>2022</u>	<u>2021</u>
Interest	\$ 315,844	\$ 64,399
Dividends	11,347	23,139
Realized gains (losses) on investments	540	(875)
Unrealized (losses) gains on investments	<u>(668,522)</u>	<u>53,778</u>
	<u>\$ (340,791)</u>	<u>\$ 140,441</u>

The fixed income investments include bonds and guaranteed investment certificates earning interest at rates from 0.80% to 5.08% per annum and mature between January 2023 and February 2028 (2021 - interest at rates from 0.57% to 3.18% per annum and mature between January 2022 and February 2028). Investments maturing in the next fiscal year are expected to be reinvested and are accordingly presented as long-term assets.

4. Housing loans receivable/reserve

The Alliance extends loans to employees who relocate as a consequence of assuming duties with the Alliance. The pre-2022 housing loans are interest-free and employees can make voluntary repayments at any time.

New housing loans entered during 2022 requires interest to be paid on the due date based upon an effective interest rate equal to the pro-rata increase in the fair value from the purchase date to the due date. Housing loans are fully repayable upon the first of the sale or transfer of the property and within six months of termination of employment, which is the due date of the housing loan.

5. Other loans receivable

During the year, a bridge financing non-interest-bearing promissory note in the amount of \$600,000 was entered into with the Eglise Evangelique du Berger (Quebec City Alliance Church) to assist them with the purchase of their new Church facility prior to the sale of their existing vacant land in Quebec City. The loan was secured by a charge on their vacant land until it was sold in early 2023. Subsequent year end, the loan was repaid in full.

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

December 31, 2022

5. Other loans receivable (continued)

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.

6. Property and equipment and intangible assets

			<u>2022</u>	<u>2021</u>
	Cost	Accumulated Amortization	Net	Net
Property and equipment				
Land	\$ 2,151,643	\$ -	\$ 2,151,643	\$ 2,151,643
Building	7,102,346	335,556	6,766,790	6,928,448
Computer equipment	250,521	188,610	61,911	65,390
Furniture and equipment	<u>356,744</u>	<u>188,796</u>	<u>167,948</u>	<u>210,756</u>
	<u>\$ 9,861,254</u>	<u>\$ 712,962</u>	<u>\$ 9,148,292</u>	<u>\$ 9,356,237</u>
Intangible assets				
Major computer software (systems)	<u>\$ 119,841</u>	<u>\$ 86,581</u>	<u>\$ 33,260</u>	<u>\$ 31,518</u>

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.

8. Internally restricted funds

	<u>2022</u>	<u>2021</u>
Reserves		
Legacy and Matured Gift Annuity	\$ 1,788,034	\$ 1,940,266
Venture	24,197	28,197
Emergency	-	1,434,397
Cash flow	-	125,330
GAF Future Spending	-	53,918
General Assembly Reserve	-	50,000
Operating	<u>-</u>	<u>15,047</u>
	<u>\$ 1,812,231</u>	<u>\$ 3,647,155</u>

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

December 31, 2022

9. Related party transactions

During the year, the Alliance received a contribution of \$21,500 (2021 - \$12,412) from the Alliance Charitable Foundation (the "Foundation"). 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.

10. Allocation of expenditures

Certain administration and communication expenditures have been allocated as follows:

				<u>2022</u>	<u>2021</u>
	<u>Culture</u>	<u>Venture</u>	<u>Nurture</u>	<u>Total</u>	<u>Total</u>
Administration	\$ 310,529	\$ 310,529	\$ 310,529	\$ 931,587	\$ 1,094,535
Communication	<u>25,496</u>	<u>25,496</u>	<u>25,496</u>	<u>76,488</u>	<u>96,456</u>
	<u>\$ 336,025</u>	<u>\$ 336,025</u>	<u>\$ 336,025</u>	<u>\$ 1,008,075</u>	<u>\$ 1,190,991</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 \$480,382 (2021 - \$471,322) and recorded as expenditures in the combined statement of Global Advance Fund Activities.

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 2022.

In addition, the Alliance has access to a credit card limit of \$500,000. At December 31, 2022, \$87,000 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.

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

December 31, 2022

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 (2021 - \$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.

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 \$641,397 (2021 - \$1,317,932). 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.