SASKATOON CHRISTIAN CENTRE INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 2010

[redacted]

To the Members and
The Congregation of
Saskatoon Christian Centre Inc.
Saskatoon, Saskatchewan

We have audited the statement of financial position of Saskatoon Christian Centre Inc. as at July 31, 2010 and the statements of changes in net assets, operations and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the organization derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to donation revenue, excess revenue, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at July 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

[redacted]

CHARTERED ACCOUNTANTS

[redacted]

SASKATOON CHRISTIAN CENTRE INC.
STATEMENT OF FINANCIAL POSITION
AS AT JULY 31, 2010

ASSETS

	2010	2009
CURRENT ASSETS		
Cash	$ 220,749	343,184
Accounts receivable	53,657	49,435
Inventory	20,429	13,240
Prepaid expenses	12,406	10,987
	307,241	416,846
CAPITAL ASSETS, Note 3	3,845,102	3,726,076
TOTAL ASSETS	$ **4,152,343**	**4,142,922**

LIABILITIES AND NET ASSETS

	2010	2009
CURRENT LIABILITIES		
Operating loans, Note 4	$	10,182
Accounts payable and accrued liabilities	133,957	79,794
Deferred revenue, Note 5	55,743	89,499
Current portion of long term liabilities, Note 6	111,821	102,250
	301,521	281,725
LONG TERM LIABILITIES, Note 6	786,491	901,478
	1,088,012	1,183,203
NET ASSETS		
Invested in capital assets, Note 7	2,946,790	2,722,348
Unrestricted	117,541	237,371
	3,064,331	2,959,719
	$ **4,152,343**	**4,142,922**

CONTINGENT LIABILITIES, Note 12

APPROVED BY THE BOARD:

[redacted] DIRECTOR

DIRECTOR

[redacted]

SASKATOON CHRISTIAN CENTRE INC.
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JULY 31, 2010

	Invested In Capital Assets	Unrestricted	2010	2009
Net assets, beginning of year	$ 2,722,348	237,371	2,959,719	2,731,758
Excess revenue (expenditure)	(49,882)	154,494	104,612	227,961
Net investment in capital assets in the year, Note 7	274,324	(274,324)		
Net assets, end of year	$ **2,946,790**	**117,541**	**3,064,331**	**2,959,719**

[redacted]

SASKATOON CHRISTIAN CENTRE INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JULY 31, 2010

	2010	2009
REVENUE		
Donations, Note 8	$ 1,845,250	2,014,727
Tuitions and fees	384,060	381,739
Seminars, projects	262,196	99,669
GST rebates, Note 9	15,405	12,409
Gross profits (loss), Note 10	1,388	(3,287)
Rent	78,015	78,378
Interest	90	491
	2,586,404	2,584,126
EXPENDITURE		
Personnel		
Wages	882,667	872,668
Housing allowances	159,525	164,800
Employee benefit costs	86,887	84,775
	1,129,079	1,122,243
Programs		
Seminars, speakers	383,496	220,765
Missions	176,884	220,278
Educational	75,123	53,536
Automobile, travel	31,439	31,206
Supplies, books, music	59,862	52,108
Fellowship	45,382	60,064
	772,186	637,957
Occupancy		
Mortgage interest	56,025	68,158
Utilities	109,460	120,418
Repairs and maintenance	59,453	49,703
Rent	116,245	94,620
Insurance	27,667	25,544
	368,850	358,443
Administration and general		
Advertising, promotion	2,870	6,436
Office supplies	71,359	68,669
Telephone	32,128	31,947
Staff development	32,488	46,052
Bad debts	76	6,512
Audit, legal	10,209	10,004
Bank charges	9,380	8,990
Memberships, dues	3,285	3,284
Amortization	49,882	55,628
	211,677	237,522
Total Expenditure	2,481,792	2,356,165
EXCESS REVENUE	$ **104,612**	**227,961**

[redacted]

SASKATOON CHRISTIAN CENTRE INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JULY 31, 2010

		2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess revenue	$	104,612	227,961
Add item not affecting cash			
Amortization		49,882	55,628
		154,494	283,589
Change in non-cash working capital items			
Accounts receivable		(4,222)	(14,215)
Inventory		(7,189)	9,904
Prepaid expenses		(1,419)	(2,601)
Accounts payable and accrued liabilities		54,163	(12,434)
Deferred revenue		(33,756)	(13,704)
		162,071	250,539
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital asset additions		(168,908)	(30,240)
CASH FLOWS FROM FINANCING ACTIVITIES			
Operating loans		(10,182)	(56,085)
Repayment of long term liabilities, net		(105,416)	(43,330)
		(115,598)	(99,415)
NET CHANGE IN CASH POSITION		(122,435)	120,884
CASH POSITION AT BEGINNING OF YEAR		343,184	222,300
CASH POSITION AT END OF YEAR	$	**220,749**	**343,184**

SUPPLEMENTARY CASH FLOW INFORMATION			
Interest paid in the year	$	56,025	68,158

[redacted]

SASKATOON CHRISTIAN CENTRE INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2010

1. THE ORGANIZATION

   Saskatoon Christian Centre Inc. was organized for the propagation of the Gospel of Jesus Christ through preaching, teaching and missionary outreach. It was incorporated under the Non-Profit Corporation Act of Saskatchewan, formerly the Societies Act, on October 17, 1977. Therefore, it is required to report annually to Saskatchewan Justice, Corporations Branch.

   The organization is a Registered Charity under the Income Tax Act and therefore is required to annually file a "Registered Charity Information and Public Information Return" with Canada Revenue Agency, Charities Directorate.

2. SIGNIFICANT ACCOUNTING POLICIES

   The financial statements have been prepared to reflect the following significant accounting policies:

   Basis of Accounting

   The financial statements are prepared on the accrual basis of accounting.

   Fund Accounting

   The organization accounts for its operations using the following funds:
   i) Invested in Capital Assets - accounts for the assets, liabilities, revenue and expenditures related to its capital assets.
   ii) Unrestricted - accounts for the unrestricted assets, liabilities, revenue and expenditures related to its ministry and administrative activities.

   Accounts Receivable

   Accounts receivable are invoiced amounts only. Pledges are recorded as receipts in the year received.

   Inventory

   Inventory is comprised of Christian Centre Academy merchandise for resale. It is recorded at the lower of cost and net realizable value, on the first in first out basis.

   Donated Materials, Services or Volunteer Efforts

   Donated materials, services or volunteer efforts are not recorded as receipts or disbursements in the financial statements.

   Revenue Recognition

   The organization follows the deferral method of accounting for receipts. Restricted revenue (amounts received for a specific purpose, either explicitly by the donor or implicitly because of the purpose for which the revenue is received) is deferred when received and recognized as revenue in the year in which the related expenditure is incurred or in the year in which the revenue relates. Unrestricted donations and pledges are recorded as revenue only when received.

[redacted]

2. SIGNIFICANT ACCOUNTING POLICIES, continued

Capital Assets

Capital assets are recorded at original cost and are amortized on a straight line basis over the estimated useful life of the assets, net of any residual value, from the month they are acquired, at the following rates:

Buildings	0%, as the estimated residual (appraised) value exceeds the original cost.
Equipment	5% - 20% depending upon type of asset.

Leases

The organization expenses in the year payments on account of all leases, which are all considered operating leases.

Income Tax

The organization is exempt from income taxes on its operating surplus, as it complies with the disbursement quota requirements as set out by Canada Revenue Agency. No income taxes are therefore accrued or payable.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reported period. Actual results could differ from management's best estimates as additional information becomes available in the future.

3. CAPITAL ASSETS

	2010		2009	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land: [redacted]	$ 158,951		158,951	
	17,700		17,700	
	25,400		25,400	
Buildings: [redacted]	2,913,423		2,913,423	
	81,235		81,235	
	212,850		212,850	
Equipment	1,197,089	770,560	1,120,065	814,568
Vehicles	21,153	12,139	21,153	10,133
	$ **4,627,801**	**782,699**	**4,550,777**	**824,701**
Net Book Value	$ **3,845,102**		**3,726,076**	

[redacted]

4. OPERATING LOANS

Saskatoon Christian Centre Inc. has approved a bank operating line of credit with a total limit of $27,000, secured by accounts receivable and a general security agreement. Interest is paid monthly at prime plus 4% on any outstanding balance. In addition, it has a [redacted] account with a limit of $44,000.

5. DEFERRED REVENUE

Deferred revenue is comprised of amounts received to be used for specific purposes which are deferred when received and recorded as revenue in the period in which it relates. Changes in the deferred revenue balance are as follows:

		2010	2009
Balance, beginning of year	$	89,499	103,203
Add: Deferred amounts received		90,751	101,152
Less: Amount recognized as revenue		(124,507)	(114,856)
Balance, end of year	$	**55,743**	**89,499**
Comprised of: Deferred donations	$	19,148	72,617
Deferred tuition and activities		36,595	16,882
	$	**55,743**	**89,499**

6. LONG TERM LIABILITIES

		2010	2009
[redacted] Secured by a fixed charge debenture on the property. Monthly payments are $2,809 including interest at 4.59%, due December 1, 2010.	$	252,281	273,529
[redacted] Secured by limited guarantees from certain members of the congregation and a fixed charge debenture on the property. Monthly payments are $9,903 including interest at 6.85%, due December 1, 2011.		610,845	685,640
[redacted] Demand loan, secured by accounts receivable and a general security agreement. Monthly payments are $955 including interest at 4.85%, due July 1, 2011.		35,186	44,559
		898,312	1,003,728
Less current portion		111,821	102,250
	$	**786,491**	**901,478**

[redacted]

6. LONG TERM LIABILITIES, continued

Minimum principal payments expected over the next five years are as follows, based on the expectation that the lender will renew the above-noted loans for a further term:

2011	$ 111,821
2012	119,029
2013	126,694
2014	121,240
2015	131,414

7. INVESTED IN CAPITAL ASSETS

	2010	2009
Net book value of capital assets, beginning of year	$ 3,726,076	3,751,464
Related liabilities, beginning of year	1,003,728	1,047,058
Invested in capital assets balance, beginning of year	2,722,348	2,704,406
Add: Capital asset additions	168,908	30,240
Repayment of long term liabilities, net	105,416	43,330
Net investment in capital assets in the year	274,324	73,570
Less: Amortization	(49,882)	(55,628)
Change in net assets in the year	224,442	17,942
Invested in capital assets balance, end of year	$ **2,946,790**	**2,722,348**

8. DONATIONS REVENUE

Actual donations received in the year differ from donations revenue as reported in the financial statements due to the timing of their eventual recognition as revenue, as follows:

	2010	2009
Donations received in the year	$ 1,791,781	2,002,904
Changes in deferred donations, Note 5		
Decrease in deferred donations during the year	53,469	11,823
Donations revenue, as reported	$ **1,845,250**	**2,014,727**

9. GST REBATES

The organization receives a rebate on a portion of the GST that it pays. GST rebates received and receivable for the year are recorded as revenue, rather than as a reduction of the applicable expenditures.

[redacted]

10. GROSS PROFITS (LOSS)

Gross profits are reflected at a net amount determined as follows:

		2010	2009
Resource sales	$	21,786	31,660
Cost of goods sold		(20,398)	(34,947)
Gross profits (loss)	$	**1,388**	**(3,287)**

11. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

The carrying amount of current financial assets and current financial liabilities approximate their fair value because of the short term maturities of these items. Long term liabilities are classified as being held to maturity and accordingly are recorded at amortized cost.

Interest Rate Risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rate.

Credit Risk Management

The organization is exposed to credit risks on the accounts from its members. In order to reduce its risk, management has adopted credit policies that include regular review of credit limits and existing outstanding balances.

It is management's opinion that the organization is not exposed to significant interest rate or credit risk.

12. CONTINGENT LIABILITIES

[redacted]

[redacted]