SASKATOON CHRISTIAN CENTRE INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 2012

[redacted]

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

We have audited the accompanying financial statements of Saskatoon Christian Centre Inc. which comprise the statement of financial position as at July 31, 2012 and the statement of changes in net assets, statement of operations and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion
In common with many charitable organizations, Saskatoon Christian Centre Inc. derives income from the general public in the form of donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenues from this source 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, current assets and net assets.

Qualified Opinion
In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Saskatoon Christian Centre Inc., as at July 31, 2012, and its financial performance 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, 2012

ASSETS

	2012	2011
CURRENT ASSETS		
Cash	$ 247,672	260,281
Accounts receivable	17,269	10,636
Inventory	3,815	6,908
Prepaid expenses	12,797	3,731
	281,553	281,556
CAPITAL ASSETS, Note 3	3,517,489	3,470,659
	$ 3,799,042	3,752,215

LIABILITIES AND NET ASSETS

	2012	2011
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 53,358	43,225
Deferred revenue, Note 5	119,398	39,290
Current portion of long term liabilities, Note 6	92,318	
	265,074	82,515
Long term liabilities subject to refinancing, Note 6		530,840
	265,074	613,335
LONG TERM LIABILITIES, Note 6	401,959	
	667,033	613,355
NET ASSETS		
Invested in capital assets, Note 7	3,023,212	2,939,819
Unrestricted	108,797	199,041
	3,132,009	3,138,860
	$ 3,799,042	3,752,215

APPROVED BY THE BOARD:

[redacted] DIRECTOR

DIRECTOR

[redacted]

SASKATOON CHRISTIAN CENTRE INC.
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JULY 31, 2012

		Invested In Capital Assets	Unrestricted	2012	2011
Net assets, beginning of year	$	2,939,819	199,041	3,138,860	3,064,331
Excess revenue (expenditure)		(52,514)	45,663	(6,851)	74,529
Net investment in capital assets in the year, Note 7		135,907	(135,907)		
Net assets, end of year	$	**3,023,212**	**108,797**	**3,132,009**	**3,138,860**

[redacted]

SASKATOON CHRISTIAN CENTRE INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JULY 31, 2012

	2012	2011
REVENUE		
Donations, Note 8	$ 1,406,833	1,556,344
Tuitions and fees	333,693	378,363
Seminars, projects	64,033	80,927
GST rebates, Note 9	11,218	8,878
Gross profits, Note 10	323	1,284
Rent	20,584	37,595
Interest	381	391
	1,837,065	2,063,782
EXPENDITURE		
Personnel		
Wages	786,252	830,655
Housing allowances	107,025	122,975
Employee benefit costs	67,987	77,173
	961,264	1,030,803
Programs		
Seminars, speakers	145,463	208,513
Missions	144,079	94,192
Educational	83,738	48,792
Automobile, travel	21,721	24,166
Supplies, books, music	45,283	37,825
Fellowship	18,271	20,365
	458,555	433,853
Occupancy		
Mortgage interest	32,033	43,845
Utilities	60,785	73,445
Repairs and maintenance	73,297	48,824
Rent	23,086	53,854
Insurance	26,418	28,521
	215,619	248,489
Administration and general		
Advertising, promotion	4,649	4,173
Office supplies	52,119	61,789
Telephone	23,225	23,195
Staff development	40,386	27,375
Bad debts	881	4,454
Audit, legal	16,015	10,975
Bank charges	9,261	8,273
Memberships, dues	9,428	3,867
Amortization	52,514	43,246
	208,478	187,347
Total Expenditure	1,843,916	1,900,492
EXCESS REVENUE (EXPENDITURE) BEFORE OTHER ITEMS	(6,851)	163,290
OTHER ITEMS		
Gain on transfer of capital assets		887,915
Contribution to City Centre Community Renewal Initiative Inc.		(976,676)
		(88,761)
EXCESS REVENUE (EXPENDITURE)	$ (6,851)	74,529

[redacted]

SASKATOON CHRISTIAN CENTRE INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JULY 31, 2012

		2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess revenue (expenditure)	$	(6,851)	74,529
Add item not affecting cash			
Amortization		52,514	43,246
Gain on disposal of capital assets			(887,915)
		45,663	(770,140)
Change in non-cash working capital items			
Accounts receivable		(6,633)	43,021
Inventory		3,093	13,521
Prepaid expenses		(9,066)	8,675
Accounts payable and accrued liabilities		10,133	(90,732)
Deferred revenue		80,108	(16,453)
		123,298	(812,108)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital asset additions		(99,344)	(17,902)
Deemed proceeds on transfer of capital assets			1,237,014
		(99,344)	1,219,112
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term liabilities		(36,563)	(367,472)
NET CHANGE IN CASH POSITION		(12,609)	39,532
CASH POSITION AT BEGINNING OF YEAR		260,281	220,749
CASH POSITION AT END OF YEAR	$	**247,672**	**260,281**
SUPPLEMENTARY CASH FLOW INFORMATION			
Interest paid in the year	$	32,033	43,845

[redacted]

SASKATOON CHRISTIAN CENTRE INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2012

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.

The organization operates the Christian Centre Academy, a private school from Kindergarten to Grade 12.

2. SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of Accounting

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

b) 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.

c) Accounts Receivable

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

d) 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.

e) Donated Materials, Services or Volunteer Efforts

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

f) 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.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

f) 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.

g) Leases

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

h) 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.

i) 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

	2012		2011	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land	$ 158,951		158,951	
Buildings	2,913,423		2,913,423	
Equipment	1,247,107	836,156	1,179,125	787,880
Vehicles	50,607	16,449	19,245	12,205
	$ 4,370,088	852,599	4,270,744	800,085
Net Book Value	$ 3,517,489		3,470,659	

[redacted]

SASKATOON CHRISTIAN CENTRE INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2012

4. OPERATING LOANS

Saskatoon Christian Centre Inc. has a bank operating line of credit facility with [redacted] a total limit of $100,000, secured by a general security agreement. Interest is paid monthly at prime plus 1% on any outstanding balance. In addition, it has a [redacted] account with a limit of $44,000. As at July 31, 2012 the bank operating line of credit balance was $NIL and the [redacted] account balance was $ NIL.

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:

		2012	2011
Balance, beginning of year	$	39,290	55,743
Add: Deferred amounts received		205,033	103,966
Less: Amount recognized as revenue		(124,925)	(120,419)
Balance, end of year	$	**119,398**	**39,290**
Comprised of: Deferred donations	$	99,092	27,135
Deferred tuition and activities		20,306	12,155
	$	**119,398**	**39,290**

6. LONG TERM LIABILITIES

		2012	2011
[redacted] term loan Secured by a general security agreement and a continuing collateral mortgage on the property. Monthly payments are $9,297 including interest at 4.25%, due June 1, 2017.	$	494,277	
[redacted]			530,840
		494,277	530,840
Less: Current portion		92,318	
Long term debt subject to refinancing			530,840
	$	**401,959**	

Principal repayments due within five years

2013	$	92,318
2014		96,319
2015		100,494
2016		104,849
2017		100,297
	$	**494,277**

[redacted]

7. INVESTED IN CAPITAL ASSETS

	2012	2011
Net book value of capital assets, beginning of year	$ 3,470,659	3,845,102
Related liabilities, beginning of year	530,840	898,312
Invested in capital assets balance, beginning of year	2,939,819	2,946,790
Add: Capital asset additions	99,344	17,902
Repayment of long term liabilities, net	36,563	367,472
Transfer of capital assets to City Centre Community Renewal Initiatives Inc.		(349,099)
Net investment in capital assets in the year	135,907	36,275
Less: Amortization	(52,514)	(43,246)
Change in net assets in the year	83,393	(6,971)
Invested in capital assets balance, end of year	$ **3,023,212**	**2,939,819**

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:

	2012	2011
Donations received in the year	$ 1,478,790	1,564,331
Changes in deferred donations, Note 5		
Decrease (increase) in deferred donations during the year	(71,957)	(7,987)
Donations revenue, as reported	$ **1,406,833**	**1,556,344**

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.

10. GROSS PROFITS

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

	2012	2011
Resource sales	$ 13,224	15,689
Cost of goods sold	(12,901)	(14,405)
Gross profits	$ 323	1,284

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.

[redacted]