# SASKATOON CHRISTIAN CENTRE INC.

## FINANCIAL STATEMENTS

## FOR THE YEARS ENDED JULY 31, 2013 AND 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 statements of financial position as at July 31, 2013, July 31, 2012 and August 1, 2011 and the statements of changes in net assets, statements of operations and statements of cash flows for the years 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 accounting standards for Not-for-Profit Organizations, 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, 2013, July 31, 2012 and August 1, 2011, and its financial performance and its cash flows for the years then ended in accordance with Canadian accounting standards for Not-for-Profit Organizations.

[redacted]

CHARTERED ACCOUNTANTS

[redacted]

## SASKATOON CHRISTIAN CENTRE INC.
## STATEMENT OF FINANCIAL POSITION
## AS AT JULY 31, 2013, JULY 31, 2012 AND AUGUST 1, 2011



### ASSETS

| | | Jul. 31, 2013 | Jul. 31, 2012 | Aug. 1, 2011 |
|---|---|---|---|---|
| CURRENT ASSETS | | | | |
| Cash | $ | 289,239 | 247,672 | 260,281 |
| Accounts receivable | | 10,963 | 17,269 | 10,636 |
| Inventory | | 2,791 | 3,815 | 6,908 |
| Prepaid expenses | | 22,206 | 12,797 | 3,731 |
| | | 32,199 | 281,553 | 281,556 |
| CAPITAL ASSETS, Note 3 | | 3,716,301 | 3,517,489 | 3,470,659 |
| | $ | **4,041,500** | **3,799,042** | **3,752,215** |

### LIABILITIES AND NET ASSETS

| | | Jul. 31, 2013 | Jul. 31, 2012 | Aug. 1, 2011 |
|---|---|---|---|---|
| CURRENT LIABILITIES | | | | |
| Accounts payable and accrued liabilities | $ | 26,253 | 27,159 | 21,734 |
| Wages payable | | 17,981 | 13,806 | 10,952 |
| Source deductions payable | | 14,979 | 12,393 | 10,539 |
| Deferred revenue, Note 5 | | 116,131 | 119,398 | 39,290 |
| Current portion of long term liabilities, Note 6 | | 134,160 | 92,318 | |
| | | 309,504 | 265,074 | 82,515 |
| Long term liabilities subject to refinancing | | | | 530,840 |
| | | 309,504 | 265,074 | 613,335 |
| LONG TERM LIABILITIES, Note 6 | | 440,393 | 401,959 | |
| | | 749,897 | 667,033 | 613,355 |
| NET ASSETS | | | | |
| Invested in capital assets, Note 7 | | 3,141,748 | 3,023,212 | 2,939,819 |
| Unrestricted | | 149,855 | 108,797 | 199,041 |
| | | 3,291,603 | 3,132,009 | 3,138,860 |
| | $ | **4,041,500** | **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 YEARS ENDED JULY 31, 2013 AND 2012

| | Invested In Capital Assets | Unrestricted | 2013 | 2012 |
|---|---|---|---|---|
| Net assets, beginning of year | $ 3,023,212 | 108,797 | 3,132,009 | 3,138,860 |
| Excess revenue (expenditure) | (66,270) | 225,864 | 159,594 | (6,851) |
| Net investment in capital assets in the year, Note 7 | 184,806 | (184,806) | | |
| Net assets, end of year | $ **3,141,748** | **149,855** | **3,291,603** | **3,132,009** |





[redacted]

SASKATOON CHRISTIAN CENTRE INC.
STATEMENT OF OPERATIONS
FOR THE YEARS ENDED JULY 31, 2013 AND 2012



| | | 2013 | 2012 |
|---|---|---|---|
| REVENUE | | | |
| Donations, Note 8 | $ | 1,512,559 | 1,406,833 |
| Saskatchewan Education Funding | | 427,704 | |
| Tuitions and fees | | 214,217 | 333,693 |
| Seminars, projects | | 52,096 | 64,033 |
| GST rebates, Note 9 | | 15,211 | 11,218 |
| Gross profits, Note 10 | | 8,966 | 323 |
| Rent | | 7,258 | 20,584 |
| Interest | | 305 | 381 |
| | | 2,238,316 | 1,837,065 |
| EXPENDITURE | | | |
| Personnel | | | |
| Wages | | 1,000,041 | 786,252 |
| Housing allowances | | 109,600 | 107,025 |
| Employee benefit costs | | 80,970 | 67,987 |
| | | 1,190,611 | 961,264 |
| Programs | | | |
| Seminars, speakers | | 160,558 | 145,463 |
| Missions | | 156,924 | 144,079 |
| Educational | | 94,745 | 83,738 |
| Automobile, travel | | 30,645 | 21,721 |
| Supplies, books, music | | 44,509 | 45,283 |
| Fellowship | | 15,293 | 18,271 |
| | | 502,674 | 458,555 |
| Occupancy | | | |
| Mortgage interest | | 25,541 | 32,033 |
| Utilities | | 66,770 | 60,785 |
| Repairs and maintenance | | 54,931 | 73,297 |
| Rent | | 10,899 | 23,086 |
| Insurance | | 29,002 | 26,418 |
| | | 187,143 | 215,619 |
| Administration and general | | | |
| Advertising, promotion | | 13,791 | 4,649 |
| Office supplies | | 39,364 | 52,119 |
| Telephone | | 22,473 | 23,225 |
| Staff development | | 30,395 | 40,386 |
| Bad debts | | 2,228 | 881 |
| Audit, legal | | 12,250 | 16,015 |
| Bank charges | | 7,947 | 9,261 |
| Memberships, dues | | 3,576 | 9,428 |
| Amortization | | 66,270 | 52,514 |
| | | 198,294 | 208,478 |
| Total Expanditure | | 2,078,722 | 1,843,916 |
| EXCESS REVENUE (EXPENDITURE) | $ | **159,594** | **(6,851)** |



[redacted]

SASKATOON CHRISTIAN CENTRE INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JULY 31, 2013 AND 2012

| | | 2013 | 2012 |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Excess revenue (expenditure) | $ | 159,594 | (6,851) |
| Add item not affecting cash | | | |
| Amortization | | 66,270 | 52,514 |
| | | 225,864 | 45,663 |
| Change in non-cash working capital items | | | |
| Accounts receivable | | 6,306 | (6,633) |
| Inventory | | 1,024 | 3,093 |
| Prepaid expenses | | (9,409) | (9,066) |
| Accounts payable and accrued liabilities | | 5,855 | 10,133 |
| Deferred revenue | | (3,267) | 80,108 |
| | | 226,373 | 123,298 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Capital asset additions | | (265,082) | (99,344) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from term loan | | 200,000 | |
| Repayment of long term liabilities | | (119,724) | (36,563) |
| | | 80,276 | (36,563) |
| NET CHANGE IN CASH POSITION | | 41,567 | (12,609) |
| CASH POSITION AT BEGINNING OF YEAR | | 247,672 | 260,281 |
| CASH POSITION AT END OF YEAR | $ | **289,239** | **247,672** |





[redacted]

## 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 organization adopted Canadian accounting standards for Not-for-Profit Organizations on August 1, 2012 with a transition date of August 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the balance sheets as at July 31, 2012 and August 1, 2011 and the statement of changes in net assets, operations and cash flows for the year ended July 31, 2012. No changes were required to the comparative information in these financial statements resulting from the retrospective application of Canadian accounting standards for Not-for-Profit Organizations.

These financial statements have been prepared in accordance with Canadian accounting standards for Not-for-Profit Organizations, and include 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.





[redacted]

2. SIGNIFICANT ACCOUNTING POLICIES, continued

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.

g) 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. |

h) Leases

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

i) 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.

j) Use of Estimates

The preparation of financial statements 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.





[redacted]

## 3. CAPITAL ASSETS

| | 2013 | | 2012 | |
|---|---|---|---|---|
| | Cost | Accumulated Depreciation | Cost | Accumulated Depreciation |
| Land | $ 158,951 | | 158,951 | |
| Buildings | 3,032,670 | | 2,913,423 | |
| Equipment | 1,361,487 | 869,220 | 1,247,107 | 836,156 |
| Vehicles | 53,921 | 21,508 | 50,607 | 16,443 |
| | $ **4,607,029** | **890,728** | **4,370,088** | **852,599** |
| Net Book Value | $ **3,716,301** | | **3,517,489** | |

## 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, 2013 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:

| | 2013 | 2012 |
|---|---|---|
| Balance, beginning of year | $ 119,398 | 39,290 |
| Add: Deferred amounts received | 232,687 | 205,033 |
| Less: Amount recognized as revenue | (235,954) | (124,925) |
| Balance, end of year | $ **116,131** | **119,398** |
| Comprised of: Deferred donations | $ 108,765 | 99,092 |
| Deferred tuition and activities | 7,366 | 20,306 |
| | $ **116,131** | **119,398** |



[redacted]

## 6. LONG TERM LIABILITIES

| | 2013 | 2012 |
|---|---|---|
| [redacted] term loans<br>Secured by a general security agreement and a continuing collateral mortgage on the property. | | |
| Loan #1 Monthly payments are $9,297 including interest at 4.25%, due June 1, 2017. | $ 401,887 | 494,277 |
| Loan #2 Monthly payments are $3,715 including interest at 4.35%, due October 15, 2017. | 172,666 | |
| | 574,553 | 494,277 |
| Less: Current portion | 134,160 | 92,318 |
| | $ **440,393** | **401,959** |

Principal repayments due within five years

| | |
|---|---|
| 2014 | $ 134,160 |
| 2015 | 139,994 |
| 2016 | 146,081 |
| 2017 | 143,266 |
| 2018 | 11,052 |
| | $ **574,553** |

## 7. INVESTED IN CAPITAL ASSETS

| | 2013 | 2012 |
|---|---|---|
| Net book value of capital assets, beginning of year | $ 3,517,489 | 3,470,659 |
| Related liabilities, beginning of year | 494,277 | 530,840 |
| Invested in capital assets balance, beginning of year | 3,023,212 | 2,939,819 |
| Add: Capital asset additions | 265,082 | 99,344 |
| Repayment of long term liabilities, net | 119,724 | 36,563 |
| Proceed of term loan | (200,000) | |
| Net investment in capital assets in the year | 184,806 | 135,907 |
| Less: Amortization | (66,270) | (52,514) |
| Change in net assets in the year | 118,536 | 83,393 |
| Invested in capital assets balance, end of year | $ **3,141,748** | **3,023,212** |





[redacted]

## 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:

| | 2013 | 2012 |
|---|---|---|
| Donations received in the year | $ 1,522,232 | 1,478,790 |
| Changes in deferred donations, Note 5 | | |
| Decrease (increase) in deferred donations during the year | (9,673) | (71,957) |
| Donations revenue, as reported | $ **1,512,559** | **1,406,833** |

## 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:

| | | 2013 | 2012 |
|---|---|---|---|
| Resource sales | $ | 18,260 | 13,224 |
| Cost of goods sold | | (9,294) | (12,901) |
| Gross profits | $ | **8,966** | **323** |

## 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]