SASKATOON CHRISTIAN CENTRE INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 2015

10795 6674 RR0001

[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, 2015 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 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, 2015, and its financial performance and its cash flows for the year 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, 2015

ASSETS

		2015	2014
CURRENT ASSETS			
Cash	$	99,105	199,074
Accounts receivable		2,953	4,395
GST receivable		6,859	3,664
Inventory		1,297	5,090
Prepaid expenses		8,793	7,551
		119,007	219,774
CAPITAL ASSETS, Note 3		3,642,650	3,689,508
	$	**3,761,657**	**3,909,282**

LIABILITIES AND NET ASSETS

		2015	2014
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	$	41,827	26,932
Wages payable		27,957	17,017
Source deductions payable		16,709	15,709
Deferred revenue, Note 5		13,770	102,685
Current portion of long term liabilities, Note 6		146,081	139,994
		246,344	302,337
LONG TERM LIABILITIES, Note 6		154,152	300,250
		400,496	602,587
NET ASSETS			
Invested in capital assets, Note 7		3,342,417	3,249,264
Unrestricted		18,744	57,431
		3,361,161	3,306,695
	$	**3,761,657**	**3,909,282**

APPROVED BY THE BOARD:

[redacted]
DIRECTOR

[redacted]
DIRECTOR

[redacted]

SASKATOON CHRISTIAN CENTRE INC.
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JULY 31, 2015

	Invested In Capital Assets	Unrestricted	2015	2014
Net assets, beginning of year	$ 3,249,264	57,431	3,306,695	3,291,603
Excess revenue		54,466	54,466	15,092
Net investment in capital assets in the year, Note 7	93,153	(93,153)		
Net assets, end of year	$ **3,342,417**	**18,744**	**3,361,161**	**3,306,695**

[redacted]

SASKATOON CHRISTIAN CENTRE INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JULY 31, 2015

	2015	2014
REVENUE		
Donations, Note 8	$ 1,438,156	1,350,502
Saskatchewan Education Funding	440,740	431,420
Tuitions and fees	216,100	230,858
Seminars, projects	50,998	41,175
GST rebates, Note 9	12,341	9,212
Gross profits, Note 10	2,003	1,232
Rent	18,895	
Interest	191	358
	2,179,424	2,064,757
EXPENDITURE		
Personnel		
Wages	1,029,434	1,061,829
Housing allowances	108,900	104,900
Employee benefit costs	84,819	89,555
	1,223,153	1,256,284
Programs		
Seminars, speakers	95,131	90,665
Missions	216,968	158,357
Educational	53,578	52,680
Automobile, travel	36,479	39,774
Supplies, books, music	39,198	55,057
Fellowship	67,609	32,636
	508,963	429,169
Occupancy		
Mortgage interest	15,790	21,506
Utilities	76,636	70,482
Repairs and maintenance	59,209	61,933
Rent	22,900	399
Insurance	26,258	28,037
	200,793	182,357
Administration and general		
Advertising, promotion	4,272	5,601
Office supplies	41,533	42,709
Telephone	15,808	17,309
Staff development	40,974	27,643
Bad debts	750	199
Audit, legal	10,541	12,281
Bank charges	4,609	5,851
Memberships, dues	2,695	2,694
Amortization	70,867	67,568
	192,049	181,855
Total Expenditure	2,124,958	2,049,665
EXCESS REVENUE	$ **54,466**	**15,092**

[redacted]

SASKATOON CHRISTIAN CENTRE INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JULY 31, 2015

		2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess revenue	$	54,466	15,092
Add item not affecting cash			
Amortization		70,867	67,568
		125,333	82,660
Change in non-cash working capital items			
Accounts receivable		1,442	1,050
GST receivable		(3,195)	1,854
Inventory		3,793	(2,299)
Prepaid expenses		(1,242)	14,655
Accounts payable and accrued liabilities		26,835	445
Deferred revenue		(88,915)	(13,446)
		64,051	84,919
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital asset additions		(24,009)	(40,775)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term liabilities		(140,011)	(134,309)
NET CHANGE IN CASH POSITION		(99,969)	(90,165)
CASH POSITION AT BEGINNING OF YEAR		199,074	289,239
CASH POSITION AT END OF YEAR	$	**99,105**	**199,074**

[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 Legacy Christian Academy, a private school from Kindergarten to Grade 12.

2. SIGNIFICANT ACCOUNTING POLICIES

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 Legacy Christian 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.

[redacted]

2. SIGNIFICANT ACCOUNTING POLICIES, continued

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]

SASKATOON CHRISTIAN CENTRE INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2015

3. CAPITAL ASSETS

	2015 Cost	2015 Accumulated Depreciation	2014 Cost	2014 Accumulated Depreciation
Land	$ 158,951		158,951	
Buildings	3,032,670		3,032,670	
Equipment	1,272,563	873,370	1,299,766	855,640
Vehicles	73,791	21,955	76,828	23,067
	$ **4,537,975**	**895,325**	**4,568,215**	**878,707**
Net Book Value	$ **3,642,650**		**3,689,508**	

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 [redacted] with a limit of $44,000. As at July 31, 2015 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:

	2015	2014
Balance, beginning of year	$ 102,685	116,131
Add: Deferred amounts received	65,288	243,771
Less: Amount recognized as revenue	(154,203)	(257,217)
Balance, end of year	$ **13,770**	**102,685**
Comprised of: Deferred donations	$ 4,689	93,167
Deferred tuition and activities	9,081	9,518
	$ **13,770**	**102,685**

[redacted]

6. LONG TERM LIABILITIES

		2015	2014
[redacted] term loans 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.	$	204,936	305,452
Loan #2 Monthly payments are $3,715 including interest at 4.35%, due October 15, 2017.		95,297	134,792
		300,233	440,244
Less: Current portion		146,081	139,994
	$	**154,152**	**300,250**

Principal repayments due within three years

2016	$	146,081
2017		143,128
2018		11,024
	$	**300,233**

7. INVESTED IN CAPITAL ASSETS

	2015	2014
Net book value of capital assets, beginning of year	$ 3,689,508	3,716,301
Related liabilities, beginning of year	440,244	574,553
Invested in capital assets balance, beginning of year	3,249,264	3,141,748
Capital asset additions, net of sales	24,009	40,775
Repayment of long term liabilities, net	140,011	134,309
Net investment in capital assets in the year	164,020	175,084
Less: Amortization	(70,867)	(67,568)
Change in net assets in the year	95,153	107,516
Invested in capital assets balance, end of year	$ **3,342,417**	**3,249,264**

[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:

	2015	2014
Donations received in the year	$ 1,259,673	1,337,056
Changes in deferred donations, Note 5		
Decrease (increase) in deferred donations during the year	178,483	3,446
Donations revenue, as reported	$ **1,438,156**	**1,350,502**

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:

		2015	2014
Resource sales	$	5,348	19,944
Cost of goods sold		3,345	18,712
Gross profits	$	**2,003**	**1,232**

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.

[redacted]

11. FINANCIAL INSTRUMENTS

Credit Risk

The organization provides credit to parents for day care, apartment rentals and tuitions in the normal course of its operations. It carries out, on a continuing basis, credit checks on the parents and maintains provisions for contingent credit losses once they materialize.

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

Initial and subsequent measurement

The organization initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The organization subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in the fair value of these financial instruments are recognized in net income in the period incurred.

Financial assets measured at amortized cost on a straight-line basis include cash and accounts receivable.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable and accrued liabilities.

Transaction costs

Transactions costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using the straight-line method.

[redacted]