

Financial Statements of

NORTHVIEW COMMUNITY CHURCH

And Independent Practitioner's Review Engagement Report
thereon

Year ended June 30, 2024

ATIP Disclosure
Divulgence de l'AIPI

24 (1)

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Stewardship Committee of Northview Community Church

We have reviewed the accompanying financial statements of Northview Community Church, which comprise the statement of financial position as at June 30, 2024, the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and notes, comprising 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

24 (1)

24 (1)

Page 2

Basis for Qualified Conclusion

In common with many not-for-profit organizations, Northview Community Church derives revenue from donations, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained over these revenues was limited to the amounts recorded in the records of Northview Community Church. Therefore we were not able to determine whether, as at and for the years ended June 30, 2024 and June 30, 2023, any adjustments might be necessary to revenue and excess of revenue over expenses reported in the statements of operations, statements of changes in net assets and statements of cash flows, and current assets and net assets reported in the statements of financial position. This caused us to qualify our review conclusion on the financial statements as at and for the year ended June 30, 2023.

Conclusion

Based on our review, except for the effect of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Northview Community Church as at June 30, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

24 (1)

NORTHVIEW COMMUNITY CHURCH

Statement of Financial Position

June 30, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash (note 2)	\$ 2,264,819	\$ 2,104,340
Accounts receivable	565,357	461,552
Prepaid expenses and deposits	131,250	61,526
Inventories	10,692	-
Investments (notes 2 and 3)	18,295,953	14,020,993
Mortgage receivable (note 4)	1,283,766	1,305,593
	22,551,837	17,954,004
Tangible capital assets (note 5)	15,385,954	15,677,405
	<u>\$ 37,937,791</u>	<u>\$ 33,631,409</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 385,954	\$ 264,330
Deferred operating contributions (note 7(a))	875,706	510,263
Deferred contributions - Building Funds (note 7(b))	6,255,371	3,792,530
	7,517,031	4,567,123
Advance from Multiply (note 8)	1,000,000	1,000,000
Deferred capital contributions (note 7(c))	3,841,160	3,551,204
Net assets:		
Unrestricted	3,369,626	2,580,020
Internally restricted (note 12)	11,665,180	10,806,861
Invested in tangible capital assets (note 9)	10,544,794	11,126,201
	25,579,600	24,513,082
Commitments (note 11)		
	<u>\$ 37,937,791</u>	<u>\$ 33,631,409</u>

See accompanying notes to financial statements.

24 (1)

Member

NORTHVIEW COMMUNITY CHURCH

Statement of Earnings

Year ended June 30, 2024, with comparative information for 2023

	2024	2023
Revenue:		
General contributions	\$ 10,118,073	\$ 10,577,586
Departmental (Schedule)	1,420,815	1,509,564
Interest income	997,441	600,683
	12,536,329	12,687,833
General and administrative expenses:		
Departmental (Schedule)	10,821,978	11,731,549
Excess of revenue over expenses before the undernoted items	1,714,351	956,284
Other income (expenses):		
Donation of tangible capital assets to TriCity Church	-	(1,834,356)
Amortization of deferred capital contributions (note 7(c))	132,470	402,881
Loss on disposal of tangible capital assets	(2,352)	(4,315)
Amortization of tangible capital assets	(777,951)	(835,658)
	(647,833)	(2,271,448)
Excess (deficiency) of revenue over expenses	\$ 1,066,518	\$ (1,315,164)

See accompanying notes to financial statements.

NORTHVIEW COMMUNITY CHURCH

Statement of Changes in Net Assets

Year ended June 30, 2024, with comparative information for 2023

	Invested in tangible capital assets (note 9)	Internally restricted	Unrestricted	Total 2024	Total 2023
Balance, beginning of year	\$ 11,126,201	\$ 10,806,861	\$ 2,580,020	\$ 24,513,082	\$ 25,828,246
Excess (deficiency) of revenue over expenses (note 9(b))	(645,481)	(57,107)	1,769,106	1,066,518	(1,315,164)
Net change in investment in tangible capital assets (note 9(b))	64,074	-	(64,074)	-	-
Interfund transfer	-	915,426	(915,426)	-	-
Balance, end of year	\$ 10,544,794	\$ 11,665,180	\$ 3,369,626	\$ 25,579,600	\$ 24,513,082

See accompanying notes to financial statements.

NORTHVIEW COMMUNITY CHURCH

Statement of Cash Flows

Year ended June 30, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ 1,066,518	\$ (1,315,164)
Items not involving cash:		
Amortization of tangible capital assets	777,951	835,658
Amortization of deferred capital contributions	(132,470)	(402,881)
Change in fair market value of investment	40	2,161
Loss on disposal of tangible capital assets	2,352	4,315
Donation of tangible capital assets to TriCity Church	-	1,834,356
	1,714,391	958,445
Changes in non-cash operating working capital:		
Accounts receivable	(103,805)	(389,013)
Inventories	(10,692)	-
Prepaid expenses and deposits	(69,724)	100,237
Accounts payable and accrued liabilities	121,624	(254,019)
Deferred contributions	365,443	(190,056)
Deferred contributions - Building Funds	2,885,267	1,224,734
	4,902,504	1,450,328
Financing:		
Decrease in mortgage receivable	21,827	7,627
Repayment of demand loans	-	(1,507,818)
	21,827	(1,500,191)
Investing:		
Purchase of investment	(13,275,000)	(9,000,000)
Proceeds on maturity of investments	9,000,000	-
Purchase of tangible capital assets	(498,103)	(310,267)
Proceeds on disposal of tangible capital assets	9,251	7,949
	(4,763,852)	(9,302,318)
Increase (decrease) in cash	160,479	(9,352,181)
Cash, beginning of year	2,104,340	11,456,521
Cash, end of year	\$ 2,264,819	\$ 2,104,340
Non-cash transactions:		
Amounts transferred from Deferred operating to deferred capital contributions (note 7(a))	\$ -	\$ (35,102)
Amounts transferred from Deferred Contributions - Building Funds to Deferred capital contributions (note 7(b))	(422,426)	(54,985)
Mortgage receivable received in sale of tangible capital assets	-	1,313,220

See accompanying notes to financial statements.

NORTHVIEW COMMUNITY CHURCH

Notes to Financial Statements

Year ended June 30, 2024

Nature of operations:

Northview Community Church (the "Organization") is incorporated under the Societies Act (British Columbia), and is a member of the B.C. Conference of Mennonite Brethren Churches. The Church is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

1. Significant accounting policies:

(a) Basis of presentation:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

(b) Revenue recognition:

The Church follows the deferral method of accounting. This method recognizes unrestricted contributions as revenue when received and externally restricted contributions as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of tangible capital assets and the fair value of contributed tangible capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related tangible capital assets.

Department income is recognized as revenue in the year in which the related expenses are recognized.

Gifts-in-kind received by the Church are recorded in the financial statements at their fair market value, when it can be reasonably determined. Services contributed are not recognized in the financial statements.

Pledges are not recognized until received.

Interest income is recognized as revenue when earned.

Volunteers contribute a significant amount of time each year to assist the Church in carrying out its programs and services. Because of the difficulty in determining fair market values, contributed services and volunteer hours are not recognized in these financial statements.

NORTHVIEW COMMUNITY CHURCH

Notes to Financial Statements (continued)

Year ended June 30, 2024

1. Significant accounting policies (continued):

(c) Tangible capital assets:

Property, plant and equipment are stated at cost, less accumulated amortization. Amortization is provided using the following methods and annual rates:

Asset	Basis	Rate
Buildings	Declining balance	4%
Equipment and furniture, acquired before June 30, 2020	Declining balance	10% to 30%
Equipment and furniture, acquired after June 30, 2020	Straight-line	3-5 years

The new Worship Centre under development is not amortized until it is available for productive use.

(d) Use of estimates:

The preparation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

NORTHVIEW COMMUNITY CHURCH

Notes to Financial Statements (continued)

Year ended June 30, 2024

1. Significant accounting policies (continued):

(e) Financial instruments (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

2. Restrictions on cash and investments:

The Church has commitments to disburse funds as specified by donors or internally restricted by the Board. These funds have not been segregated from the general cash of \$2,264,819 (2023 - \$2,104,340) or investments of \$18,295,953 (2023 - \$14,020,993) and consist of the following:

	2024	2023
Deferred operating contributions	\$ 875,706	\$ 510,263
Deferred contributions - Building Funds	6,255,371	3,792,530
Internally restricted (note 12)	11,665,180	10,806,861
	<u>\$ 18,796,257</u>	<u>\$ 15,109,654</u>

NORTHVIEW COMMUNITY CHURCH

Notes to Financial Statements (continued)

Year ended June 30, 2024

3. Investments:

	2024	2023
Mutual funds (a)	\$ 20,953	\$ 20,993
Term deposit maturing July 16, 2024 accruing interest at 5.5% per annum	5,275,000	5,000,000
Term deposit maturing July 5, 2024 accruing interest at 5.50% per annum	3,000,000	-
Term deposit maturing August 22, 2025 accruing interest at 5.75% per annum	2,500,000	-
Term deposit maturing December 21, 2024 accruing interest at 5.85% per annum	2,000,000	-
Term deposit maturing May 30, 2025 accruing interest at 5.45% per annum	2,000,000	-
Term deposit maturing June 12, 2025 accruing interest at 5.30% per annum	1,500,000	-
Term deposit maturing July 26, 2024 accruing interest at 5.8% per annum	1,000,000	-
Term deposit maturing January 8, 2025 accruing interest at 5.70% per annum	1,000,000	-
Term deposit	-	5,000,000
Term deposit	-	2,500,000
Term deposit	-	1,000,000
Term deposit	-	500,000
	\$ 18,295,953	\$ 14,020,993

(a) In 2015, the Church received a short-term investment donation. The Church has committed to dispose of 8% of the investment per year and disburse the proceeds as specified by the donor.

4. Mortgage receivable:

In 2023, the Church sold the 24 land and building to 24 (1) in exchange for a mortgage valued at \$1,313,220. The mortgage receivable bears interest at 5.5% per annum with a term ending March 31, 2025. Northview intends to negotiate the repayment of the amount or an extension of the term with 24 (1) prior to March 31, 2025.

NORTHVIEW COMMUNITY CHURCH

Notes to Financial Statements (continued)

Year ended June 30, 2024

5. Tangible capital assets:

			2024	2023
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 2,423,348	\$ -	\$ 2,423,348	\$ 2,423,348
Buildings	20,722,238	9,462,973	11,259,265	11,717,844
New worship centre under development	956,760	-	956,760	541,334
Equipment and furniture	4,103,193	3,356,612	746,581	994,879
	\$ 28,205,539	\$ 12,819,585	\$ 15,385,954	\$ 15,677,405

6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$17,805 (2023 - \$17,791) which include amounts payable for payroll related taxes.

NORTHVIEW COMMUNITY CHURCH

Notes to Financial Statements (continued)

Year ended June 30, 2024

7. Deferred contributions:

(a) Deferred operating contributions:

Deferred operating contributions are donations received which are restricted by the donor for designated purposes and unspent at year-end. When the Church uses the funds for the designated purpose the contributions are recognized as revenue.

	2024	2023
Adult Short-term Mission	\$ 63,184	\$ 10,465
Care Fund	86,127	110,333
Children's Ministry	117	-
Elevate Missions	26,989	26,989
Missions Offerings	140,880	310,398
Missions Trips	370	-
Praxis Care Fund	32,027	15,654
Real estate acquisition	490,000	-
Syrian Refugee	15,000	15,000
Vertical Edge Missions	59	-
Word of Life	20,953	20,993
Youth Missions	-	431
	\$ 875,706	\$ 510,263
Balance, beginning of year	\$ 510,263	\$ 755,304
Deferred contributions received	1,185,955	231,994
Amounts recognized in statement of operations	(820,512)	(422,050)
Amounts transferred to deferred capital contributions	-	(54,985)
Balance, end of year	\$ 875,706	\$ 510,263

NORTHVIEW COMMUNITY CHURCH

Notes to Financial Statements (continued)

Year ended June 30, 2024

7. Deferred contributions (continued):

(b) Deferred contributions - Building Funds

The deferred contributions for Building Funds represent unspent funds from the capital campaign to build a new Worship Centre at the 24 (1) in Abbotsford, B.C.

	2024	2023
Balance, beginning of year	\$ 3,792,530	\$ 2,602,898
Deferred contributions received	2,885,267	1,224,734
Amounts transferred to deferred capital contributions	(422,426)	(35,102)
Balance, end of year	\$ 6,255,371	\$ 3,792,530

As at June 30, 2024, the Church had also raised approximately \$5.625 million in pledged contributions for the development of the new Worship Centre. Pledges have not been included in the financial statements as the amounts have not been received.

(c) Deferred capital contributions:

Deferred capital contributions represent the unamortized amount of contributions received for the purchase of tangible capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations.

	2024	2023
Balance, beginning of year	\$ 3,551,204	\$ 3,863,998
Amounts amortized to revenue	(132,470)	(402,881)
Amounts transferred from deferred operating contributions	-	54,985
Amounts transferred from deferred contributions - Building Funds	422,426	35,102
Balance, end of year	\$ 3,841,160	\$ 3,551,204

NORTHVIEW COMMUNITY CHURCH

Notes to Financial Statements (continued)

Year ended June 30, 2024

8. Advance from Multiply (formerly MB Mission):

In 2012, the Church entered into a contract with Multiply, in which the Church will provide rental space for Multiply for 10 years, with the option of four 10 year renewal periods, in exchange for construction funds. As part of the terms of the contract, the funds are repayable in full upon cancellation or expiry of lease agreement. In 2023, the Church exercised the option to extend the lease with Multiply for an additional 10 years.

9. Invested in tangible capital assets:

(a) Invested in tangible capital assets is calculated as follows:

	2024	2023
Tangible capital assets - net book value	\$ 15,385,954	\$ 15,677,405
Amounts financed by:		
Deferred capital contributions	(3,841,160)	(3,551,204)
Advance from Multiply	(1,000,000)	(1,000,000)
	\$ 10,544,794	\$ 11,126,201

(b) Change in invested in tangible capital assets is calculated as follows:

	2024	2023
Deficiency of revenue over expenses:		
Amortization of deferred capital contributions	\$ 132,470	\$ 402,881
Amortization of tangible capital assets	(777,951)	(835,658)
	\$ (645,481)	\$ (432,777)

	2024	2023
Net change in invested in tangible capital assets:		
Purchase of tangible capital assets	\$ 498,103	\$ 310,267
Repayment of demand loan	-	1,507,818
Funded by deferred capital contributions	(422,426)	(90,087)
Disposition of tangible capital assets	(11,603)	(3,159,840)
	\$ 64,074	\$ (1,431,842)

NORTHVIEW COMMUNITY CHURCH

Notes to Financial Statements (continued)

Year ended June 30, 2024

10. Director, employee and contractor compensation:

For the fiscal year ending June 30, 2024, the Church had 13 (2023 - ten) employees whose total remuneration exceeded \$75,000. The total remuneration for these employees was \$1,265,027 (2023 - \$972,497).

11. Commitments:

The Church leases equipment under long-term operating leases that expire in December 2025 and May 2026 and leases its premise from third parties under long-term operating leases that expire in August 2025, October 2026 and December 2031.

The aggregate minimum annual payments under these operating leases are as follows:

2025	\$	253,785
2026		189,801
2027		81,594
2028		61,800
2029		63,300
Thereafter		165,900
	\$	816,180

12. Internally restricted:

The below internally restricted funds are not available for other use, other than by approval of the Board.

	2024
Building	\$ 10,539,229
Church planting	722,000
Praxis Church	403,951
	\$ 11,665,180

Interest earned on internally restricted funds is included in the internally restricted building fund.

NORTHVIEW COMMUNITY CHURCH

Notes to Financial Statements (continued)

Year ended June 30, 2024

13. Financial risks:

(a) Liquidity risk:

Liquidity risk is the risk that the Church will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Church manages its liquidity risk by monitoring its operating requirements. The Church prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in financial loss. The Church monitors on a regular basis the credit risk to which the Church is exposed in relation to its financial assets and takes steps to minimize the risk of loss. Management does not believe there is a significant credit risk.

(c) Interest rate risk:

The Church is exposed to interest rate risk on its fixed interest rate financial instruments, which subjects the Church to a fair value risk. The Church is exposed to interest rate risk as a result of the fixed rate on the term deposits in investments.

There has been no significant change in these risks from the prior year.

14. Comparative information:

The financial statements have been reclassified, where applicable, to conform to the presentation adopted in the current year.

NORTHVIEW COMMUNITY CHURCH

Schedule of Department Revenue and Expenses

Year ended June 30, 2024, with comparative information for 2023

	2024			2023		
	Revenue	Expenses	Deficiency of revenue over expenses	Revenue	Expenses	Deficiency of revenue over expenses
Administration	10,632	420,540	(409,908)	3,914	476,042	(472,128)
Building Maintenance Projects	-	892	(892)	-	608,835	(608,835)
Care Fund	530,969	530,969	-	503,414	503,414	-
Caregiving/Seasons/Prayer	23,974	45,404	(21,430)	24,353	48,177	(23,824)
Central Abbotsford Site	26,779	101,049	(74,270)	22,360	88,271	(65,911)
Children's Ministry	77,965	123,667	(45,702)	69,632	150,539	(80,907)
Community/First Touch	-	55,387	(55,387)	-	58,066	(58,066)
Discipleship	108,169	150,250	(42,081)	132,508	171,825	(39,317)
East Abbotsford Site	530	81,142	(80,612)	-	74,269	(74,269)
Facilities	17,423	687,912	(670,489)	29,125	655,275	(626,150)
High School Youth	36,797	70,756	(33,959)	33,568	66,681	(33,113)
Kitchen Food Services	58,907	139,636	(80,729)	51,918	117,337	(65,419)
Leadership Development	80,000	497,923	(417,923)	17,727	384,442	(366,715)
Middle School	9,195	30,904	(21,709)	20,583	47,576	(26,993)
Mission Campus	123,373	354,176	(230,803)	128,494	355,594	(227,100)
Missions	227,953	998,406	(770,453)	175,648	936,020	(760,372)
Multiplication projects	31,253	563,796	(532,543)	125,266	776,746	(651,480)
Other Outside Support Agencies	-	382,641	(382,641)	-	367,206	(367,206)
Personnel	24,614	4,724,698	(4,700,084)	22,419	4,107,981	(4,085,562)
Praxis Church Kelowna	16,238	774,734	(758,496)	1,931	507,594	(505,663)
Real Life Church	-	-	-	-	172,400	(172,400)
24 Church Campus	-	-	-	105,099	953,877	(848,778)
Worship & Arts	3,044	46,980	(43,936)	1,721	41,008	(39,287)
Young Adults	13,000	40,116	(27,116)	39,884	62,374	(22,490)
Totals	\$ 1,420,815	\$ 10,821,978	\$ (9,401,163)	\$ 1,509,564	\$ 11,731,549	\$ (10,221,985)