

Financial Statements of

# **NORTHVIEW COMMUNITY CHURCH**

And Independent Practitioners' Review Engagement  
Report thereon

Year ended June 30, 2021  
(Unaudited)

## **INDEPENDENT PRACTITIONERS' 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, 2021, the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and notes and schedule, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

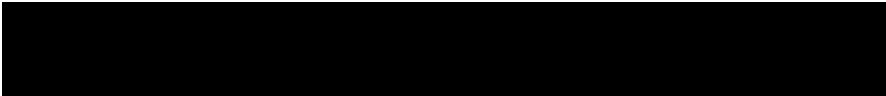
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

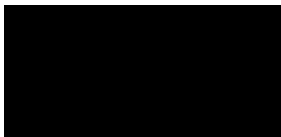
### *Practitioners' Responsibility*

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.



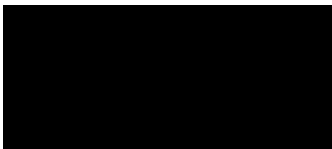


*Basis for Qualified Conclusion*

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, 2021 and June 30, 2020, 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, 2020.

*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, 2021, 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.



Chartered Professional Accountants

Abbotsford, Canada



# NORTHVIEW COMMUNITY CHURCH

## Statement of Financial Position

June 30, 2021, with comparative information for 2020  
(Unaudited)

	2021	2020
<b>Assets</b>		
Current assets:		
Cash (note 2)	\$ 4,538,148	\$ 5,322,403
Accounts receivable	35,779	38,294
Prepaid expenses and deposits	51,784	33,866
Investments (note 4)	1,857,373	30,576
	<u>6,483,084</u>	<u>5,425,139</u>
Tangible capital assets (note 5)	19,612,065	20,206,243
	<u>\$ 26,095,149</u>	<u>\$ 25,631,382</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 379,415	\$ 254,600
Demand loans (note 7)	2,391,474	3,576,003
Deferred operating contributions (note 8(a))	750,564	833,335
Deferred contributions - Church Plants	78,691	-
Deferred contributions - ██████████ Building (note 8(b))	2,339,097	2,022,349
	<u>5,939,241</u>	<u>6,686,287</u>
Advance from Multiply (note 9)	1,000,000	1,181,534
Deferred capital contributions (note 8(c))	4,003,030	4,119,386
Net assets:		
Unrestricted	2,935,317	1,814,855
Internally restricted (note 13)	-	500,000
Invested in tangible capital assets (note 10)	12,217,561	11,329,320
	<u>15,152,878</u>	<u>13,644,175</u>
Commitments (note 12)		
	<u>\$ 26,095,149</u>	<u>\$ 25,631,382</u>

See accompanying notes to financial statements.

On behalf of the Council of Elders:

██████████

Member

████████████████████

Member

# NORTHVIEW COMMUNITY CHURCH

## Statement of Operations

Year ended June 30, 2021, with comparative information for 2020  
(Unaudited)

	2021	2020
Revenue:		
General contributions	\$ 9,987,208	\$ 9,277,836
Departmental (Schedule)	1,528,825	1,208,139
Interest income	44,179	47,855
	<u>11,560,212</u>	<u>10,533,830</u>
General and administrative expenses:		
Departmental (Schedule)	9,295,963	8,446,777
Excess of revenue over expenses before the undernoted items	2,264,249	2,087,053
Other income (expenses):		
Amortization of deferred capital contributions (note 8(c))	147,269	152,876
Loss on disposal of tangible capital assets	(557)	(2,973)
Amortization of tangible capital assets	(902,258)	(967,015)
	<u>(755,546)</u>	<u>(817,112)</u>
Excess of revenue over expenses	<u>\$ 1,508,703</u>	<u>\$ 1,269,941</u>

See accompanying notes to financial statements.

# NORTHVIEW COMMUNITY CHURCH

## Statement of Changes in Net Assets

Year ended June 30, 2021, with comparative information for 2020

(Unaudited)

	Invested in tangible capital assets (note 10)	Internally restricted (note 13)	Unrestricted	Total 2021	Total 2020
Balance, beginning of year	\$ 11,329,320	\$ 500,000	\$ 1,814,855	\$ 13,644,175	\$ 12,374,234
Excess (deficiency) of revenue over expenses (note 10(b))	(754,989)	(500,000)	2,763,692	1,508,703	1,269,941
Net change in investment in tangible capital assets (note 10(b))	1,643,230	-	(1,643,230)	-	-
Balance, end of year	\$ 12,217,561	\$ -	\$ 2,935,317	\$ 15,152,878	\$ 13,644,175

See accompanying notes to financial statements.

# NORTHVIEW COMMUNITY CHURCH

## Statement of Cash Flows

Year ended June 30, 2021, with comparative information for 2020  
(Unaudited)

	2021	2020
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 1,508,703	\$ 1,269,941
Items not involving cash:		
Amortization of tangible capital assets	902,258	967,015
Amortization of deferred capital contributions	(147,269)	(152,876)
Deferred contributions recognized in the statement of operations	(882,591)	(187,605)
Change in fair market value of investment	803	(2,538)
Loss on disposal of tangible capital assets	557	2,973
Accrued interest included in investments	(27,600)	-
	<u>1,354,861</u>	<u>1,896,910</u>
Changes in non-cash operating working capital:		
Accounts receivable	2,515	(11,894)
Prepaid expenses and deposits	(17,918)	36,345
Accounts payable and accrued liabilities	124,815	(84,960)
	<u>1,464,273</u>	<u>1,836,401</u>
Financing:		
Deferred capital contributions received	12,701	190,010
Deferred contributions received	799,820	392,817
Deferred contributions received - Church Plants	78,691	-
Deferred contributions received - ██████ Building	334,960	1,035,505
Repayment of demand loans	(1,184,529)	(358,232)
Decrease of advance from Multiply	(181,534)	(106,666)
	<u>(139,891)</u>	<u>1,153,434</u>
Investing:		
Purchase of investment	(1,800,000)	-
Purchase of tangible capital assets	(315,937)	(394,683)
Proceeds on disposal of tangible capital assets	7,300	1,999
Proceeds on sale of investment	-	2,460
	<u>(2,108,637)</u>	<u>(390,224)</u>
Increase (decrease) in cash	(784,255)	2,599,611
Cash, beginning of year	5,322,403	2,722,792
Cash, end of year	<u>\$ 4,538,148</u>	<u>\$ 5,322,403</u>
Non-cash transactions		
Amounts transferred to (from) Deferred Contributions - ██████ Building from Deferred capital contributions (note 8(b))	\$ (18,212)	\$ 986,844

See accompanying notes to financial statements.

# NORTHVIEW COMMUNITY CHURCH

Notes to Financial Statements

Year ended June 30, 2021  
(Unaudited)

---

## **Nature of operations:**

Northview Community Church (the "Church") 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.

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in governments worldwide, including the Canadian federal and provincial governments enacting emergency measures to combat the spread of the virus. The economic conditions had a short-term impact on the Church's operating results and financial position in 2021. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy in the future is not known at this time.

## **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.

Goods-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, 2021  
(Unaudited)

---

## 1. Significant accounting policies (continued):

### (c) Tangible capital assets:

Purchased tangible capital assets are recorded at cost and contributed tangible capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense and betterments which extend the estimated life of assets are capitalized. Tangible capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the asset no longer has or has reduced long term service potential to the Church. If such conditions exist, an impairment loss is measured at the amount by which the carrying amount of the asset exceeds its fair value or replacement cost.

Tangible capital assets are amortized on a declining balance basis at the following annual rates:

Asset	Rate
Buildings	4%
Equipment and furniture	20% to 50%

---

Costs capitalized relating to assets under construction are not amortized until the assets are 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.

# NORTHVIEW COMMUNITY CHURCH

Notes to Financial Statements (continued)

Year ended June 30, 2021

(Unaudited)

---

## 1. Significant accounting policies (continued):

### (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 Church 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.

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 Church 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 Church 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:

The Church has commitments to disburse funds as specified by donors. These funds have not been segregated from the general cash of \$4,538,148 (2020 - \$5,322,403) and consist of the following:

	2021	2020
Deferred operating contributions	\$ 750,564	\$ 833,335
Deferred contributions - Church Plants	78,691	-
Deferred contributions - ██████████ Building	2,339,097	2,022,349
	<u>\$ 3,168,352</u>	<u>\$ 2,855,684</u>

# NORTHVIEW COMMUNITY CHURCH

Notes to Financial Statements (continued)

Year ended June 30, 2021

(Unaudited)

### 3. Bank indebtedness:

The Church has available an operating line of credit with [REDACTED] to a maximum of \$250,000, bearing interest at the bank's prime rate. As at June 30, 2021 (2020 - nil), the Church has not drawn on this facility.

### 4. Investments:

	2021	2020
Mutual funds (a)	\$ 29,773	\$ 30,576
Term deposit (b)	1,827,600	-
	\$ 1,857,373	\$ 30,576

(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.

(b) The term deposit matures in July 2021 and accrues interest at 1.60% per annum.

### 5. Tangible capital assets:

	2021		2020	
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 4,734,348	\$ -	\$ 4,734,348	\$ 4,734,348
Buildings	22,009,956	8,064,768	13,945,188	14,413,477
Equipment and furniture	4,115,059	3,182,530	932,529	1,058,418
	\$ 30,859,363	\$ 11,247,298	\$ 19,612,065	\$ 20,206,243

# NORTHVIEW COMMUNITY CHURCH

Notes to Financial Statements (continued)

Year ended June 30, 2021

(Unaudited)

---

## 6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$55,427 (2020 - \$53,288) which include amounts payable for payroll related taxes.

## 7. Demand loans:

---

	2021	2020
Canadian Conference of Mennonite Brethren Churches mortgage, with monthly payments of \$7,000 including interest at 3.90% (2020 - 4.15%) per annum	\$ 790,888	\$ 1,886,191
Canadian Conference of Mennonite Brethren Churches mortgage, with monthly payments of \$12,776 including interest at 3.90% (2020 - 4.15%) per annum	1,600,586	1,689,812
	<u>\$ 2,391,474</u>	<u>\$ 3,576,003</u>

The demand loans are secured by mortgages over land and buildings owned by the Church.

Interest in the amount of \$115,963 (2020 - \$153,526) was paid on the demand loans and is included in the Mission and TriCity Campus expenses (schedule).

Principal repayments are due approximately as follows:

---

2022	\$ 148,257
2023	154,039
2024	160,047
2025	166,289
2026	172,774
Thereafter	1,590,068
	<u>\$ 2,391,474</u>

---

# NORTHVIEW COMMUNITY CHURCH

Notes to Financial Statements (continued)

Year ended June 30, 2021

(Unaudited)

## 8. 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.

	2021	2020
Adult Short-term Mission	\$ 4,537	\$ 4,537
Apologetics Canada General	253,279	102,319
Apologetics Scholarship Fund	4,973	4,973
Children's Missions	1,505	3,780
Elevate Missions	26,989	26,989
Home of Angels	29,773	30,576
Local Outreach Missions	3,523	3,523
Missions Offerings	141,325	176,566
Special Needs	248,897	435,817
Syrian Refugee	15,000	15,000
TriCity	20,704	29,196
Vertical Edge Missions	59	59
	<u>\$ 750,564</u>	<u>\$ 833,335</u>
Balance, beginning of year	\$ 833,335	\$ 628,123
Deferred contributions received	799,820	392,817
Amounts recognized in statement of operations	(882,591)	(187,605)
Balance, end of year	<u>\$ 750,564</u>	<u>\$ 833,335</u>

# NORTHVIEW COMMUNITY CHURCH

Notes to Financial Statements (continued)

Year ended June 30, 2021

(Unaudited)

## 8. Deferred contributions (continued):

### (b) Deferred contributions - ██████ Building

The deferred contributions for the ██████ Building represent unspent funds from the capital campaign to build a new Worship Center at the ██████ campus in Abbotsford, B.C.

	2021	2020
Balance, beginning of year	\$ 2,022,349	\$ -
Deferred contributions received	334,960	1,035,505
Amounts transferred from (to) deferred capital contributions	(18,212)	986,844
Balance, end of year	\$ 2,339,097	\$ 2,022,349

### (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.

	2021	2020
Balance, beginning of year	\$ 4,119,386	\$ 5,069,096
Deferred capital contributions received	12,701	190,010
Amounts amortized to revenue	(147,269)	(152,876)
Amounts transferred from (to) Deferred Contributions - ██████ Building	18,212	(986,844)
Balance, end of year	\$ 4,003,030	\$ 4,119,386

## 9. 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 2015 the Church began repaying these funds.

# NORTHVIEW COMMUNITY CHURCH

Notes to Financial Statements (continued)

Year ended June 30, 2021

(Unaudited)

## 10. Invested in tangible capital assets:

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

	2021	2020
Tangible capital assets - net book value	\$ 19,612,065	\$ 20,206,243
Amounts financed by:		
Deferred capital contributions	(4,003,030)	(4,119,386)
Demand loans	(2,391,474)	(3,576,003)
Advance from Multiply	(1,000,000)	(1,181,534)
	<u>\$ 12,217,561</u>	<u>\$ 11,329,320</u>

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

	2021	2020
Deficiency of revenue over expenses:		
Amortization of deferred capital contributions	\$ 147,269	\$ 152,876
Amortization of tangible capital assets	(902,258)	(967,015)
	<u>\$ (754,989)</u>	<u>\$ (814,139)</u>

	2021	2020
Net change in invested in tangible capital assets:		
Purchase of tangible capital assets	\$ 315,937	\$ 394,683
Adjustment to prior year unspent deferred capital contributions	-	(48,393)
Repayment of demand loan	1,184,529	358,232
Funded by deferred capital contributions	(30,913)	(190,010)
Disposition of tangible capital assets	(7,857)	(4,972)
Repayment of advance from Multiply	181,534	106,666
	<u>\$ 1,643,230</u>	<u>\$ 616,206</u>

# NORTHVIEW COMMUNITY CHURCH

Notes to Financial Statements (continued)

Year ended June 30, 2021

(Unaudited)

---

## 11. Director, employee and contractor compensation:

For the fiscal year ending June 30, 2021, the Church had eight (2020 - nine) employees whose total remuneration exceeded \$75,000. The total remuneration for these employees was \$773,003 (2020 - \$929,269).

## 12. Commitments:

The Church leases equipment under long-term operating leases that expire in April 2023. Minimum lease payments are approximately as follows:

---

2021	\$	18,924
2022		18,924
2023		14,609
		<hr/>
		\$ 52,457

---

## 13. Internally restricted

The Board had internally restricted \$500,000 for local and global church planting. During the year, the internally restricted fund was used for the following expenses: Global Church Planters (\$114,609), Target Region India (\$285,391) and Church Planting Projects (\$100,000).



# NORTHVIEW COMMUNITY CHURCH

Notes to Financial Statements (continued)

Year ended June 30, 2021

(Unaudited)

---

## 14. 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. There has been no change in the risk exposure from 2020.

### (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. There has been no change in the risk exposure from 2020.

### (c) Interest rate risk:

The Church is exposed to interest rate risk on its floating interest rate and fixed interest rate financial instruments. Fixed-rate instruments subject the Church to a fair value risk while a floating rate instrument subject it to a cash flow risk. The Church is exposed to interest rate risk as a result of the fixed rate on the term deposits and demand loans. There has been no change in the risk exposure from 2020.

# NORTHVIEW COMMUNITY CHURCH

## Schedule of Department Revenue and Expenses

Year ended June 30, 2021, with comparative information for 2020  
(Unaudited)

	2021			2020		
	Revenue	Expenses	Deficiency of revenue over expenses	Revenue	Expenses	Deficiency of revenue over expenses
Administration	1,425	353,100	(351,675) \$	8,117 \$	259,959 \$	(251,842)
Apologetics Canada	241,051	241,051	-	216,611	216,611	-
BC Conference of MB Churches	-	140,000	(140,000)	-	140,000	(140,000)
Building Maintenance Projects	-	83,027	(83,027)	-	204,485	(204,485)
Caregiving/Seasons/Prayer	2,072	12,241	(10,169)	25,655	51,339	(25,684)
Children's Ministry	18,757	48,016	(29,259)	78,819	100,928	(22,109)
Community/First Touch	126	17,730	(17,604)	25,651	72,534	(46,883)
Discipleship	30,953	33,974	(3,021)	53,934	66,197	(12,263)
East Abbotsford Campus	-	57,451	(57,451)	3,520	91,750	(88,230)
Central Abbotsford Campus	-	66,814	(66,814)	-	-	-
Facilities	2,255	386,354	(384,099)	6,905	422,951	(416,046)
High School Youth	2,085	19,736	(17,651)	22,346	49,789	(27,443)
Kitchen Food Services	300	5,500	(5,200)	41,190	95,113	(53,923)
Leadership Development	23,570	369,428	(345,858)	21,111	396,435	(375,324)
Mennonite Educational Institute	-	191,058	(191,058)	-	130,070	(130,070)
Missions	60,356	1,294,716	(1,234,360)	91,561	575,645	(484,084)
Mission Campus (note 7)	46,056	235,775	(189,719)	21,808	281,496	(259,688)
Multiplication Projects	284,002	791,492	(507,490)	-	515,600	(515,600)
Other Outside Support Agencies	-	6,311	(6,311)	-	62,763	(62,763)
Personnel	31,279	3,837,194	(3,805,915)	310,032	4,134,892	(3,824,860)
TriCity Church Campus (note 7)	101,705	290,360	(188,655)	60,904	249,508	(188,604)
Other Church Plants	91,036	91,036	-	-	-	-
Young Adults	249	15,752	(15,503)	5,479	24,094	(18,615)
Special Needs	590,363	590,363	-	173,892	173,892	-
Middle School	789	9,879	(9,090)	40,292	54,075	(13,783)
Worship & Arts	398	107,606	(107,208)	312	76,651	(76,339)
<b>Totals</b>	<b>\$ 1,528,825</b>	<b>\$ 9,295,963</b>	<b>\$ (7,767,138)</b>	<b>\$ 1,208,139</b>	<b>\$ 8,446,777</b>	<b>\$ (7,238,638)</b>