

FOREST GROVE COMMUNITY CHURCH
Financial Statements
Year Ended June 30, 2023

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Forest Grove Community Church have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Forest Grove Community Church's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board and meets periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Audit Committee reports to the Board of Directors prior to its approval of the financial statements. The Committee also considers, for review by the Board and approval by the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by Virtus Group Chartered Professional Accountants & Business Advisors LLP, in accordance with Canadian generally accepted auditing standards.

Church Council

Karen Verdouw, Administrator

Saskatoon, SK

INDEPENDENT AUDITOR'S REPORT

To the Members of Forest Grove Community Church

Qualified Opinion

We have audited the financial statements of Forest Grove Community Church (the Church), which comprise the statement of financial position as at June 30, 2023, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Church as at June 30, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the Church derives revenue from donations the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Church and we are not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenditures, current assets and net assets.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Church in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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.

Independent Auditor's Report to the Members of Forest Grove Community Church *(continued)*

In preparing the financial statements, management is responsible for assessing the Church's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Church or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Church's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Church's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Church's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Church to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Saskatoon, Saskatchewan
October 31, 2023

Virtus Group LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

FOREST GROVE COMMUNITY CHURCH

Statement of Financial Position

June 30, 2023

	2023	2022
ASSETS		
Current		
Cash	\$ 1,924,556	\$ 1,843,911
Goods and services tax recoverable	4,010	5,901
Prepaid expenses	11,562	7,178
	1,940,128	1,856,990
Capital assets (Note 3)	3,740,073	3,881,804
	\$ 5,680,201	\$ 5,738,794
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	\$ 13,040	\$ 21,020
Deferred revenue	24,536	42,369
	37,576	63,389
Net assets		
Invested in capital assets	3,740,071	3,881,802
Unrestricted net assets	519,582	410,631
Internally restricted reserve (Note 4)	1,382,972	1,382,972
	5,642,625	5,675,405
	\$ 5,680,201	\$ 5,738,794

On behalf of the Council

_____ Member

_____ Member

See notes to financial statements

FOREST GROVE COMMUNITY CHURCH

Statement of Revenues and Expenditures

Year Ended June 30, 2023

	2023	2022
Revenues		
Department fund (Schedule 1)	\$ 68,639	\$ 58,430
Designated fund (Schedule 2)	105,997	50,018
Operating fund (Schedule 3)	1,589,232	1,661,305
	<u>1,763,868</u>	<u>1,769,753</u>
Expenditures		
Department fund (Schedule 1)	70,916	53,895
Designated fund (Schedule 2)	111,772	58,707
Operating fund (Schedule 3)	1,613,960	1,910,234
	<u>1,796,648</u>	<u>2,022,836</u>
Deficiency of revenues over expenditures for the year	\$ (32,780)	\$ (253,083)

FOREST GROVE COMMUNITY CHURCH

Statement of Changes in Net Assets

Year Ended June 30, 2023

	Invested in capital assets	Unrestricted net assets	Internally restricted reserve	2023	2022
Net assets - beginning of year	\$ 3,881,802	\$ 410,631	\$ 1,382,972	\$ 5,675,405	\$ 5,928,488
Excess (deficiency) of revenues over expenditures for the year		(32,780)	-	(32,780)	(253,083)
Additions to capital assets	31,199	(31,199)	-	-	-
Disposal of capital assets	(1,095)	1,095	-	-	-
Amortization of capital assets	(171,835)	171,835	-	-	-
Transfer from internally restricted reserve	-	-	-	-	-
Net assets - end of year	\$ 3,740,071	\$ 519,582	\$ 1,382,972	\$ 5,642,625	\$ 5,675,405

See notes to financial statements

FOREST GROVE COMMUNITY CHURCH

Statement of Cash Flows

Year Ended June 30, 2023

	2023	2022
Operating activities		
Deficiency of revenues over expenditures for the year	\$ (32,780)	\$ (253,083)
Item not affecting cash:		
Amortization of capital assets	171,835	171,947
	139,055	(81,136)
Changes in non-cash working capital:		
Accounts receivable	-	3,982
Goods and services tax recoverable	1,891	(2,164)
Prepaid expenses	(4,384)	(1,353)
Accounts payable and accrued liabilities	(7,980)	(5,042)
Deferred revenue	(17,833)	42,369
	(28,306)	37,792
Cash flow from (used by) operating activities	110,749	(43,344)
Investing activity		
Purchase/disposal of Capital Assets	(30,104)	(28,521)
Increase (decrease) in cash flow	80,645	(71,865)
Cash - beginning of year	1,843,911	1,915,776
Cash - end of year	\$ 1,924,556	\$ 1,843,911

See notes to financial statements

FOREST GROVE COMMUNITY CHURCH

Notes to Financial Statements

Year Ended June 30, 2023

1. Description of business

Forest Grove Community Church (the "Church") is a member of both the Canadian and Saskatchewan Conferences of Mennonite Brethren Churches and is a registered charity which is not subject to income tax. The Church has three different locations in Saskatoon, Saskatchewan.

2. Summary of significant accounting policies

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Measurement uncertainty

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period. Significant items subject to such estimates and assumptions include the accrued liabilities. Such estimates are periodically reviewed and any adjustments necessary are reported in revenues in the period in which they become known. Actual results could differ from these estimates.

Cash

Cash includes cash on deposit plus outstanding deposits less cheques issued and outstanding at the reporting date.

Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on the straight line basis over the estimated useful life of the assets at the following annual rates:

Building and fixtures - 40 years

Parking lot - 30 years

Furniture and equipment - 5 years

Computer equipment - 3-5 years

No amortization is recorded in the year of purchase.

Revenue recognition

The Church follows the deferral method of accounting for contributions.

Restricted contributions for specified expenditures are recognized as revenue in the year in which the related expenditures are incurred.

Unrestricted donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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FOREST GROVE COMMUNITY CHURCH

Notes to Financial Statements

Year Ended June 30, 2023

2. Summary of significant accounting policies (continued)

Allocation of expenditures

The Church's operations are divided into five different areas - FGCC Overhead, Attridge Site, Broadway Site, North Site, and Missions. In the current year, they were allocated based on each location to help the users better align the expenses.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in revenues. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are recorded as expenditures when incurred.

Financial assets measured at amortized cost include cash and goods and services tax recoverable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Contributed services

The operations of the Church depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

3. Capital assets

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land - North Site	\$ 194,785	\$ -	\$ 194,785	\$ 194,785
Land - Attridge	453,721	-	453,721	453,721
Building and fixtures	4,581,113	1,862,127	2,718,986	2,814,319
Furniture and equipment	189,519	187,597	1,922	1,153
Computer equipment	220,467	79,847	140,620	169,103
Parking lot	560,518	330,479	230,039	248,723
	<u>\$ 6,200,123</u>	<u>\$ 2,460,050</u>	<u>\$ 3,740,073</u>	<u>\$ 3,881,804</u>

4. Internally restricted reserve

In fiscal 2020 the Church Council internally restricted proceeds from the sale of the greenspace land. In the current year, the Council authorized the loan of funds from the internally restricted fund in the amount of \$360,000 to complete necessary repairs to the Church's Attridge building. The Church intends to hold a capital fundraising campaign and will repay the internally restricted fund. As a result, the net assets of the fund are unaffected.

FOREST GROVE COMMUNITY CHURCH

Notes to Financial Statements

Year Ended June 30, 2023

5. Financial instruments

The Church is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Church's risk exposure and concentration as of June 30, 2023.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Church is exposed to this risk mainly in respect of its receipt of funds from its members and other related sources and accounts payable and accrued liabilities. Cash flow from operations provides the Church's cash requirements. Management is of the opinion that liquidity risk is not a significant risk and there is no change to the risk exposures from 2022.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Church manages exposure through its normal operating and financing activities. The Church is exposed to interest rate risk primarily through its fluctuating interest rate for savings accounts.

6. Comparative figures

Certain comparative figures have been reclassified to conform with the presentation in the current year

FOREST GROVE COMMUNITY CHURCH

Department fund

(Schedule 1)

Year Ended June 30, 2023

	2023	2022
Revenues		
Benevolent fund	\$ 10,937	\$ 4,260
Broadway	1,473	600
Children's ministries	2,185	3,610
Flow through	289	9,442
MOMs program	7,260	1,962
Pre-school	18,650	20,675
Seniors	19,601	12,022
Small groups	-	1,080
The Connection	2,295	2,930
Women's Ministry	285	-
Youth	5,664	1,849
	68,639	58,430
Expenditures		
Benevolent fund	5,498	6,515
Broadway	2,124	600
Children's ministries	4,477	3,450
Flow through	-	336
Goods and services tax	721	-
MOMs program	8,211	2,946
Pre-school	22,805	19,564
Refugee families	-	3,960
Seniors	17,308	11,742
The Connection	4,876	1,935
Youth	4,889	2,116
Worship	-	731
Women's ministry	7	-
	70,916	53,895
Excess (deficiency) of revenues over expenditures	\$ (2,277)	\$ 4,535

FOREST GROVE COMMUNITY CHURCH

Designated fund

(Schedule 2)

Year Ended June 30, 2023

	2023	2022
Revenues		
MB Mission	\$ 3,400	\$ 5,500
Power to change ministries	2,700	4,900
Redberry Bible Camp	1,300	3,100
SOAR SK	1,200	750
Short term missions	35,755	1,786
Special short term projects	59,617	29,872
The Bridge on 20th Street	1,525	2,110
Wycliffe	500	2,000
	<hr/>	<hr/>
	105,997	50,018
Expenditures		
General refugee fund	2,000	94
M.C.C.	50	-
MB Mission	3,900	4,493
Power to Change Ministries	3,300	4,800
Redberry Bible Camp	1,950	2,400
SOAR SK	1,219	1,449
Short term missions	35,667	12,139
Special short term projects	61,011	29,872
The Bridge on 20th Street	2,175	1,460
Wycliffe	500	2,000
	<hr/>	<hr/>
	111,772	58,707
Excess (deficiency) of revenues over expenditures	<hr/>	<hr/>
	\$ (5,775)	\$ (8,689)

FOREST GROVE COMMUNITY CHURCH

Operating fund

(Schedule 3)

Year Ended June 30, 2023

	2023	2022
Revenues		
Donations	\$ 1,492,272	\$ 1,553,876
Fees and facility rentals	32,208	62,224
Interest	64,752	25,422
Wage subsidies	-	19,783
	1,589,232	1,661,305
Expenditures		
FGCC Overhead (Schedule 4)	1,443,204	1,737,278
Attridge Site (Schedule 5)	57,187	53,808
Broadway Site (Schedule 6)	4,175	4,305
North Site (Schedule 7)	1,297	1,417
Missions (Schedule 8)	108,097	113,426
	1,613,960	1,910,234
Excess (deficiency) of revenues over expenditures	\$ (24,728)	\$ (248,929)

FGCC Overhead

(Schedule 4)

Year Ended June 30, 2023

	2023	2022
Amortization	\$ 171,835	\$ 171,947
Bursaries	1,200	2,550
Contractors and other staff	17,849	10,224
External ministries	94,647	116,330
Goods and services tax	5,406	4,158
Insurance	28,581	19,864
Leadership development	9,349	6,825
Ministry expense	1,729	698
Office and admin	53,689	61,026
Pastor expenses	35,152	22,171
Personnel	850,998	1,155,832
Professional fees	22,215	15,802
Property maintenance	69,129	62,608
Rental	8,603	9,054
Utilities	72,822	78,189
	\$ 1,443,204	\$ 1,737,278

FOREST GROVE COMMUNITY CHURCH

Attridge Site

(Schedule 5)

Year Ended June 30, 2023

	2023	2022
Advertising	\$ 601	\$ 976
Corporate worship	8,829	8,908
General	5,826	7,059
Goods and service tax	550	1,099
Honorariums	2,566	2,298
Ministry expense	4,321	3,304
Ministry resources	23,219	21,241
Travel	3,183	1,887
Volunteer development	8,092	7,037
	\$ 57,187	\$ 53,809

Broadway Site

(Schedule 6)

Year Ended June 30, 2023

	2023	2022
Advertising	\$ 252	\$ 151
Goods and services tax	48	55
Honorariums	-	150
Ministry expense	702	771
Ministry resources	2,740	2,664
Technology	146	157
Volunteer development	287	357
	\$ 4,175	\$ 4,305

North Site

(Schedule 7)

Year Ended June 30, 2023

	2023	2022
Advertising	\$ 2	\$ 6
Goods and services tax	28	19
Ministry resources	185	963
Technology	1,082	147
Travel	-	282
	\$ 1,297	\$ 1,417

FOREST GROVE COMMUNITY CHURCH

Missions

(Schedule 8)

Year Ended June 30, 2023

	2023	2022
Administrative	\$ 2	\$ 2
Goods and services tax	47	14
Honorariums	83	106
Ministry expense	1,664	37
Ministry resources	-	587
Support	106,267	112,680
Volunteer development	34	-
	<u>\$ 108,097</u>	<u>\$ 113,426</u>