



YARROW ALLIANCE CHURCH
Financial Statements
Year Ended December 31, 2022



YARROW ALLIANCE CHURCH
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Year Ended December 31, 2022

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of Yarrow Alliance Church

We have reviewed the accompanying financial statements of Yarrow Alliance Church (the Church) that comprise the statement of financial position as at December 31, 2022, and the statements of revenues and expenditures, changes in net assets and 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 (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.

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.

Basis for Qualified Conclusion

Yarrow Alliance Church owns land and buildings, the valuation of which is dependant on us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained of these land and buildings was limited to the amounts recorded in the records of the Church. Therefore, we were unable to determine whether any adjustments might have been necessary with respect to property, plant, and equipment, amortization expense, and excess of revenue over expenses for the years ended December 31, 2022 and 2021, assets at December 31, 2022 and 2021, and net assets as at January 1 and December 31 for both the 2022 and 2021 year ends. Our conclusion on the financial statements as at and for the year ended as at December 2022 was modified accordingly because of the possible effects of this limitation in scope.

As well, as is common with many charitable organizations, the Church derives part of its revenue from the general public in the form of donations; the completeness of which is not susceptible to verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Church and we were not able to determine whether any adjustment might be necessary to donations, excess of revenues over expenditures, current assets and net assets.

Qualified Conclusion

Based on our review, except for the possible effects 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 Yarrow Alliance Church as at December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO)

LLT LLP

Chilliwack, British Columbia
March 17, 2023

CHARTERED PROFESSIONAL ACCOUNTANTS



YARROW ALLIANCE CHURCH
Statement of Revenues and Expenditures
Year Ended December 31, 2022

	2022	2021
REVENUES		
General donations	\$ 533,596	\$ 583,884
Designated funds (Schedule 1)	252,024	66,356
	785,620	650,240
EXPENDITURES		
Amortization	46,796	49,353
Bank charges and interest	5,967	6,270
Designated funds (Schedule 1)	252,024	66,356
District expenses	28,081	47,314
Insurance	11,590	8,984
Mileage and meals	11,841	9,003
Ministry expenses	21,931	52,497
Office expenses	12,759	16,194
Professional fees	6,201	8,971
Rental (Note 7)	14,760	14,760
Repairs and maintenance	23,493	27,394
Telephone	6,686	6,425
Utilities	14,605	13,737
Wages and benefits	366,151	333,979
	822,885	661,237
DEFICIENCY OF REVENUES OVER EXPENDITURES FROM OPERATIONS	(37,265)	(10,997)
OTHER INCOME		
Interest income	143	11
Investment income	15,665	6,353
Loss on disposal of property, plant and equipment	-	(181)
Rental	3,180	90
	18,988	6,273
DEFICIENCY OF REVENUES OVER EXPENDITURES FOR THE YEAR	\$ (18,277)	\$ (4,724)

The accompanying notes are an integral part of these financial statements

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YARROW ALLIANCE CHURCH
Statement of Changes in Net Assets
Year Ended December 31, 2022

	2022	2021
NET ASSETS - BEGINNING OF YEAR	\$ 463,726	\$ 468,450
DEFICIENCY OF REVENUES OVER EXPENDITURES	(18,277)	(4,724)
USE OF NET ASSETS FOR THE DRAINAGE PROJECT <i>(Note 9)</i>	(17,420)	-
NET ASSETS - END OF YEAR	\$ 428,029	\$ 463,726

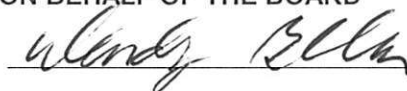
The accompanying notes are an integral part of these financial statements



YARROW ALLIANCE CHURCH
Statement of Financial Position
December 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 212,328	\$ 305,392
Goods and services tax recoverable	4,243	3,324
Prepaid expenses	11,932	9,904
	228,503	318,620
LONG TERM INVESTMENTS (Note 4)	619,734	663,841
PROPERTY, PLANT AND EQUIPMENT (Note 5)	135,634	159,229
	\$ 983,871	\$ 1,141,690
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 10,097	\$ 13,908
Due to government agencies	440	5,121
Deferred contributions (Note 6)	545,305	657,875
Current portion of obligations under capital lease	-	1,060
	555,842	677,964
NET ASSETS	428,029	463,726
	\$ 983,871	\$ 1,141,690

ON BEHALF OF THE BOARD

 Director

Director

The accompanying notes are an integral part of these financial statements



YARROW ALLIANCE CHURCH
Statement of Cash Flows
Year Ended December 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Cash receipts from supporters	\$ 667,873	\$ 770,751
Cash paid to suppliers and employees	(781,561)	(599,187)
Interest received	15,665	14,460
Interest paid	(5,967)	(6,270)
Cash flow from (used by) operating activities	(103,990)	179,754
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(14,701)	(26,263)
Decrease (increase) in long term investments	44,107	(116,781)
Contribution towards the drainage project	(17,420)	-
Cash flow from (used by) investing activities	11,986	(143,044)
FINANCING ACTIVITY		
Repayment of obligations under capital lease	(1,060)	(6,126)
INCREASE (DECREASE) IN CASH FLOW	(93,064)	30,584
Cash - beginning of year	305,392	274,808
CASH - END OF YEAR	\$ 212,328	\$ 305,392

The accompanying notes are an integral part of these financial statements

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YARROW ALLIANCE CHURCH
Notes to Financial Statements
Year Ended December 31, 2022

1. PURPOSE OF ORGANIZATION

Yarrow Alliance Church (the "Church") is incorporated provincially under the Society Act of British Columbia. As a registered charity the Church is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Church operates to provide a place of worship in the area of Yarrow, British Columbia and to provide evangelism and missions services at home and abroad. The Church is a member of the Christian and Missionary Alliance of Canada.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Significant financial statement items requiring the use of management estimates relates to the useful life for amortization of property, plant and equipment. Actual results could differ from these estimates.

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 income. 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 expensed when incurred.

Financial assets measured at amortized cost include cash, goods and services tax recoverable and long term investments. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, due to government agencies and obligations under capital lease.

Contributed services and materials

Volunteers contribute a significant amount of their time to the Church in carrying out its activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements. Contributions of materials are recognized only when a fair value can be reasonably estimated and the materials are used in the normal course of operations.

(continues)

YARROW ALLIANCE CHURCH
Notes to Financial Statements
Year Ended December 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant, and equipment are stated at cost less accumulated amortization. Amortization of property, plant, and equipment is recorded on a diminishing balance basis at the undernoted rates which are based on an estimate of the useful life of the assets. Amortization of leasehold improvements is recorded on a straight-line basis over the same period as the lease.

Buildings	5% declining balance method
Computer equipment	45% declining balance method
Equipment and furniture	30% declining balance method
Leasehold improvements	5 years straight-line method

The Church regularly reviews its property, plant and equipment to eliminate obsolete items.

Revenue recognition

The Church follows the deferral method accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

3. FINANCIAL INSTRUMENTS

The Church is exposed to various risks through its financial instruments. The following analysis provides information about the Church's risk exposure and concentration as of December 31, 2022.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Church is mainly exposed to interest rate risk.

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.



YARROW ALLIANCE CHURCH
Notes to Financial Statements
Year Ended December 31, 2022

4. LONG TERM INVESTMENTS

Long term investments are held with IG Wealth Management.

	2022 Book Value	2022 Market Value	2021 Book Value	2021 Book Value
Short term investment contingency	\$ 19,360	\$ 19,360	\$ 13,827	\$ 13,827
Investment savings account	600,374	600,374	650,014	650,014
	\$ 619,734	\$ 619,734	\$ 663,841	\$ 663,841

1% of monthly General Fund donations received are invested in the short term investment contingency account.

5. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2022 Net book value
Buildings	\$ 49,670	\$ 19,834	\$ 29,836
Computer equipment	33,892	28,762	5,130
Equipment and furniture	113,394	62,319	51,075
Leasehold improvements	123,984	74,391	49,593
	\$ 320,940	\$ 185,306	\$ 135,634

	Cost	Accumulated amortization	2021 Net book value
Buildings	\$ 44,093	\$ 18,441	\$ 25,652
Computer equipment	32,797	25,012	7,785
Equipment and furniture	96,865	45,463	51,402
Leasehold improvements	123,984	49,594	74,390
	\$ 297,739	\$ 138,510	\$ 159,229

YARROW ALLIANCE CHURCH
Notes to Financial Statements
Year Ended December 31, 2022

6. DEFERRED CONTRIBUTIONS

Deferred contributions are externally restricted and are comprised of the following designated funds:

	2022	2021
Building fund	\$ 533,006	\$ 520,582
Community care	7,765	26,233
Egypt	2,800	2,800
Community events	1,734	1,734
Flood relief	-	90,012
Building flood repairs	-	16,514
	\$ 545,305	\$ 657,875

7. LEASE COMMITMENTS

The Church is committed to monthly lease payments of \$1,200 per month plus GST for the premises at 42228 Yarrow Central Road. The lease expires in December 2024 and has an option for renewal.

8. PAYMENTS TO EMPLOYEES AND CONTRACTORS

As required by the BC Societies Act, the Church must disclose remuneration paid to contractors and employees whose remuneration was at least \$75,000 during the year. During the year, a total of \$170,592 was paid to two employees.

9. DRAINAGE UPGRADE PROJECT

The Church started a drainage upgrade project during the year. Some of the funds for the project came from current year donations and the remainder came from savings from prior year surpluses. As of December 31, 2022 \$17,420 of the amount withdrawn from savings was expended on the project. An additional \$30,000 is projected to be spent in the December 31, 2023 fiscal year to complete the project.

10. SIGNIFICANT EVENT

In 2020, there was a global outbreak of the COVID-19 virus, which has had a significant impact on businesses and organizations over the past two years through the restrictions put in place by the federal and provincial governments regarding travel, operations, and isolation/quarantine orders. During the year, the Church has been able to operate without interruption. There is however, uncertainty as to the future impact that the COVID-19 outbreak may have on the Church as the virus is still circulating and variants may emerge that may result in further disruptions to businesses from potential restrictions.



YARROW ALLIANCE CHURCH
Schedule of Designated Fund Income and Expenses
Year Ended December 31, 2022

(Schedule 1)

	2022	2021
Income		
Building flood repairs	\$ 15,859	\$ 8,486
Community care	21,318	6,571
Drainage upgrade	107,389	-
Flood relief	103,643	42,722
Mexico missions	-	5,877
Missions	3,815	2,700
Income total	\$ 252,024	\$ 66,356
Expenses		
Building flood repairs	\$ 15,859	\$ 8,486
Community care	21,318	6,571
Drainage upgrade	107,389	-
Flood relief	103,643	42,722
Mexico missions	-	5,877
Missions	3,815	2,700
Expenses total	\$ 252,024	\$ 66,356

The accompanying notes are an integral part of these financial statements

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