

**CORNERSTONE CHINESE ALLIANCE CHURCH**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

# CORNERSTONE CHINESE ALLIANCE CHURCH

DECEMBER 31, 2023

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## INDEPENDENT AUDITORS' REPORT

To the Members of  
Cornerstone Chinese Alliance Church

### Qualified Opinion

We have audited the accompanying financial statements of Cornerstone Chinese Alliance Church ("the Church") which comprise the statement of financial position as at December 31, 2023, and the statements of financial activities and statement of cash flow 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 December 31, 2023, 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.

### Basis for Qualified Opinion

In common with many charitable organizations, the Church derives income from the general public in the form of donations the completeness of which are not susceptible to complete audit verification. Accordingly, verification of these revenue was limited to the amounts recorded in the records of the Church. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenues, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2023 and December 31, 2022, and net assets and funds balance as at December 31, 2023 and December 31, 2022.

Our audit opinion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effect of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Church in accordance with the 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 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.

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.

## **INDEPENDENT AUDITORS' REPORT (Con't)**

### **Auditors' Responsibilities for the Audit of the Financial Statements (Con't)**

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 the auditors' 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 auditors' 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 auditors' 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.

# CORNERSTONE CHINESE ALLIANCE CHURCH

## STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31

	General Fund	Building & Capital Reserve Fund	Mission Fund	Other Restricted Fund	Total 2023	Total 2022
<b>ASSETS</b>						
<b>Current</b>						
Cash & cash equivalents	\$ 710,354	\$ 3,385	\$ 56,971	\$ 50,938	\$ 821,648	\$ 749,374
Due from taxation authorities	26,308	-	-	-	26,308	9,307
Prepaid expenses	12,352	-	-	-	12,352	4,841
	749,014	3,385	56,971	50,938	860,308	763,522
<b>CAPITAL ASSETS (Note 3)</b>	-	2,076,257	-	-	2,076,257	2,084,202
	\$ 749,014	\$ 2,079,642	\$ 56,971	\$ 50,938	\$ 2,936,565	\$ 2,847,724
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Current</b>						
Accounts payable & accrued liabilities	\$ 32,696	\$ -	\$ -	\$ -	\$ 32,696	\$ 8,069
Payroll source deductions payable	18,157	-	-	-	18,157	-
Unused government grant (Note 4)	10,000	-	-	-	10,000	-
Rental deposits	-	-	-	-	-	450
	60,853	-	-	-	60,853	8,519
<b>FUND BALANCES</b>	688,161	2,079,642	56,971	50,938	2,875,712	2,839,205
	\$ 749,014	\$ 2,079,642	\$ 56,971	\$ 50,938	\$ 2,936,565	\$ 2,847,724

**APPROVED ON BEHALF OF THE BOARD:**

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See accompanying notes to the financial statements

# CORNERSTONE CHINESE ALLIANCE CHURCH

## STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED DECEMBER 31

	General Fund	Building & Capital Reserve Fund	Mission Fund	Other Restricted Fund (Note )	Total 2023	Total 2022
<b>REVENUE</b>						
Offerings	\$ 789,044	\$ 20,917	\$ 61,496	\$ 48,942	\$ 920,399	\$ 865,464
Government subsidies	-	-	-	-	-	40,870
VBS	46,965	-	-	-	46,965	32,019
Interest income	5,219	-	-	-	5,219	3,728
Rental income	1,810	-	-	-	1,810	900
Investment loss	-	-	-	-	-	(1,223)
Other income	-	-	-	-	-	708
	<b>843,038</b>	<b>20,917</b>	<b>61,496</b>	<b>48,942</b>	<b>974,393</b>	<b>942,466</b>
<b>EXPENDITURES</b>						
Camps	1,631	-	-	-	1,631	3,817
Departments	39,642	-	-	-	39,642	28,021
Fellowships	16,908	-	-	-	16,908	9,680
Ministries	65,326	-	-	-	65,326	47,923
Office & General	105,384	2,103	-	-	107,487	101,401
Restricted fund disbursements	-	-	-	43,532	43,532	51,445
Salaries & benefits	475,879	-	-	-	475,879	464,809
Mission disbursements (Note 6)	-	-	63,928	-	63,928	50,275
Amortization	-	123,553	-	-	123,553	122,915
	<b>704,770</b>	<b>125,656</b>	<b>63,928</b>	<b>43,532</b>	<b>937,886</b>	<b>880,286</b>
Surplus (deficit) of receipts over disbursements	138,268	(104,739)	(2,432)	5,410	36,507	62,180
Fund Balance, Beginning of year	549,893	2,184,381	59,403	45,528	2,839,205	2,777,025
<b>Fund Balance, End of year</b>	<b>\$ 688,161</b>	<b>\$ 2,079,642</b>	<b>\$ 56,971</b>	<b>\$ 50,938</b>	<b>\$ 2,875,712</b>	<b>\$ 2,839,205</b>

See accompanying notes to the financial statements

# CORNERSTONE CHINESE ALLIANCE CHURCH

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31

	General Fund	Building & Capital Reserve Fund	Mission Fund	Other Restricted Fund	Total 2023	Total 2022
<b>Cash from (to) operating activities</b>						
Net receipts for the year	\$ 138,268	\$ (104,739)	\$ (2,432)	\$ 5,410	\$ 36,507	\$ 62,180
Amortization	-	123,553	-	-	123,553	122,915
	138,268	18,814	(2,432)	5,410	160,060	185,095
<b>Changes in non-cash working capital balances:</b>						
Due from taxation authorities	(17,001)	-	-	-	(17,001)	(5,847)
Prepaid expenses	(7,511)	-	-	-	(7,511)	(266)
Accounts payable & accrued liabilities	24,177	-	-	-	24,177	2,319
Payroll source deductions payable	18,157	-	-	-	18,157	599
Unused government grant	10,000	-	-	-	10,000	-
	27,822	-	-	-	27,822	(3,195)
	166,090	18,814	(2,432)	5,410	187,882	181,900
<b>Cash from (to) investing activities</b>						
Acquisition of capital assets	-	(115,608)	-	-	(115,608)	(1,634)
<b>INCREASE IN CASH</b>	166,090	(96,794)	(2,432)	5,410	72,274	180,266
<b>CASH, Beginning of year</b>	544,264	100,179	59,403	45,528	749,374	569,108
<b>CASH, End of year</b>	\$ 710,354	\$ 3,385	\$ 56,971	\$ 50,938	\$ 821,648	\$ 749,374

See accompanying notes to the financial statements

# CORNERSTONE CHINESE ALLIANCE CHURCH

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cornerstone Chinese Alliance Church of the Christian and Missionary Alliance in Canada is a Christian church incorporated in the Province of Ontario, and a member of The Christian & Missionary Alliance in Canada. The Church is committed to spread the Gospel of Jesus Christ, to nurture individual Christians, to plant local churches, to support world evangelization and global missionary. The entity is a registered charity under the Income Tax Act (Canada), and is exempt from income taxes. The financial statements of the Church present the financial position and the results of activities within the framework of Canadian accounting standards for not-for-profit organizations (ASNPO).

### (a) Fund accounting

The Church follows the restricted fund method of accounting for contribution.

- i) General fund, which includes unrestricted and restricted operating funds that are available for support of church operations.
- ii) Building and Capital Reserve fund, which represents resources restricted for mortgage interest, capital improvement, assets addition or church building renovations.
- iii) Mission fund, which represents resources restricted for funds expended for support of Christian organizations, members of the Church, dependants of members of the Church, charitable organizations or external missionaries as approved by the Board of Elders.
- iv) Other Restricted fund, which represents resources restricted for the purpose of providing financial relief to congregations who have special needs, seminary students and missionaries from members of the Church.

### (b) Revenue recognition

Restricted contributions related to general operations are recognized as revenue of the General fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund in the year they were received.

Unrestricted contributions are recognized as revenue of the General fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

VBS, Winter/Summer Camp and Awana Camp fees are recognized as revenue when services are provided and the collection of the revenue is reasonably determined.

Government grants and subsidies are recognized as revenue in the period earned when there is reasonable assurance that the subsidy will be received and all attached conditions will be complied with by the Church.

# CORNERSTONE CHINESE ALLIANCE CHURCH

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CON'T.)

### (c) Pledges

Pledges are not recorded as revenue until the pledged contributions are received. There was no pledges recorded as at year end.

### (d) Contributed materials and services

Contributed materials, to the extent recognized in the financial statements, are recorded at an approximation of fair market value at the date of contribution. The Church is also dependent upon the ongoing support of volunteers in which the value of such services has not been quantified in the financial statements because of the difficulty in determining an objective fair value.

### (e) Capital assets

Capital assets are recorded at costs. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

Building	- 3.33% / 4% straight line
AV equipments	- 20% straight line
Church sign	- 10% straight line
Computer equipments	- 33.33% straight line
Equipments	- 20% straight line
Furniture and fixture	- 10% straight line
Parking gate	- 20% straight line

Half year rule applied at the year of acquisition

### (f) Pension plan

The Church participates in a defined contribution pension plan maintained and administrated by *Alliance Retiral Fund* for administrative and pastoral staffs. The expenses for this plan is equal to the church's required contribution for the year. The Church has made employer contributions to the defined contribution plan in the amount of \$19,075 during the year (2022 - \$17,561).

### (g) Use of significant accounting estimates

The preparation of financial statements required management to make estimates and assumptions that affect the reported amounts and other disclosures in these financial statements. Areas requiring the use of significant judgemental include the determination of amortization, estimate of the economic life of capital assets and accrued liabilities. Actual results may differ from these estimates.

# CORNERSTONE CHINESE ALLIANCE CHURCH

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CON'T.)

### (h) Financial instruments

The Church 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 Church subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and cash equivalents.

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

### Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

### Transaction costs

The Church recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

## 2. RISK EXPOSURE

The Church is exposed to various risks through its financial instruments. The following analysis provides a measure of the Church's risk exposure and concentrations at the statement of financial position date on December 31, 2023.

### (a) Liquidity risk

Liquidity risk is the risk that an organization will encounter difficulty in meeting obligations associated with financial liabilities. The Church is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. Management typically forecasts cash flows for a period of 12 months to identify financing requirements. The Church has maintained the availability of the operating line which would mitigate the current liquidity risk.

# CORNERSTONE CHINESE ALLIANCE CHURCH

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023

## 2. RISK EXPOSURE (CON'T)

### (b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Church is not exposed to this risk.

### (c) 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 risk, interest rate risk and other price risk. The Church is mainly exposed to interest rate risk.

#### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Church is subject to currency risk from receiving stock and mutual fund donations, but such currency risk exposure is limited.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Church is exposed to interest rate risk with respect to its donations in kind. The Church mitigates interest rate risk on its donations in kind by selling it as soon as possible. Management does not believe that the impact of interest rate risk fluctuations will be significant.

### (c) Market risk (Con't)

#### Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Church was exposed to other price risk through its investments in marketable securities via in-kind donations. This risk is mitigated by selling off the securities once the donated securities have been received by Church.

# CORNERSTONE CHINESE ALLIANCE CHURCH

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2023

### 3. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2023	Net 2022
Land	\$ 542,279	\$ -	\$ 542,279	\$ 542,279
Building	3,475,108	1,948,845	1,526,263	1,528,004
AV equipments	91,425	90,766	659	2,903
Computer equipments	14,289	13,142	1,147	-
Equipments	16,872	15,787	1,085	3,256
Furniture and fixture	124,831	121,151	3,680	6,289
Parking gate	1,634	490	1,144	1,471
	<b>\$ 4,266,438</b>	<b>\$ 2,190,181</b>	<b>\$ 2,076,257</b>	<b>\$ 2,084,202</b>

### 4. UNUSED GOVERNMENT GRANT

The Church received a grant from Government of Ontario under the Anti-Hate Security Measures in the amount of \$10,000 during the year. The grant has not been used as of December 31, 2023 and will be recognized and against the expenses or cost of the capital expenditure once it has been used.

### 5. OTHER RESTRICTED FUNDS

	Receipt 2023	Disbursements 2023	Balance 2023	Balance 2022
Anne Louie Special Work	\$ 10,555	10,555	\$ -	\$ -
Albert Lu Special Work	3,000	3,000	-	-
Benevolent Fund	4,150	-	20,623	16,473
Turkey/Syria earthquake	8,750	8,750	-	-
Lewis/Felan Germany Mission Fund	14,595	14,595	-	-
Operations Christmas Child (OCC)	5,047	5,047	-	-
Other	1,585	1,585	140	140
Theology Student Fund	1,260	-	30,175	28,915
	<b>\$ 48,942</b>	<b>\$ 43,532</b>	<b>\$ 50,938</b>	<b>\$ 45,528</b>

# CORNERSTONE CHINESE ALLIANCE CHURCH

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2023

### 6. MISSION DISBURSEMENTS

	2023	2022
C&MA	\$ 21,600	\$ 22,100
ECD	16,200	15,000
CCACA	4,300	4,000
Donation to other charitable organizations	5,500	5,500
Short term mission	10,053	-
Others	6,275	3,675
	<u>\$ 63,928</u>	<u>\$ 50,275</u>

### 7. COMMITMENTS

The Church has obligations under an operating lease for the use of the printing equipment and an agreement for snow plowing and landscaping services. It has committed to the following minimum annual lease payments.

	<b>Printing Equipment</b>	<b>Lawn Care</b>	<b>Total</b>
2024	\$ 1,631	\$ 10,300	\$ 11,931
2025	-	14,500	14,500
2026	-	11,700	11,700
	<u>\$ 1,631</u>	<u>\$ 36,500</u>	<u>\$ 38,131</u>