
CLARKSON COMMUNITY CHURCH
FINANCIAL STATEMENTS
JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Members
Clarkson Community Church
MISSISSAUGA
Ontario

Qualified Opinion

We have audited the accompanying financial statements of Clarkson Community Church which comprise the statement of financial position as at June 30, 2020 and the statement of changes in fund balances, statement of operations - general fund, statement of operations - saga fund, and statement of 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 effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the entity as at June 30, 2020 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

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 entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other 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 opinion.

As is common with many charitable organizations, Clarkson Community Church derives part of its revenue from the general public in the form of contributions which are not susceptible to complete audit verification. Accordingly, our verification of revenue from this source was limited to the amounts recorded in the records of Clarkson Community Church and we were not able to determine whether any adjustments might be necessary to contribution revenues, excess of revenues over expenses, assets and fund balances.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the entity'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 entity or to cease operations, or has no realistic alternative but to do so.

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

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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 entity'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 entity'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 entity 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.



NORTON McMULLEN LLP

Chartered Professional Accountants, Licensed Public Accountants

MARKHAM, Canada

December 15, 2020

CLARKSON COMMUNITY CHURCH
STATEMENT OF FINANCIAL POSITION

As at June 30,	2020	2019
ASSETS		
Current		
Cash	\$ 94,561	\$ 157,440
Restricted cash	68,507	102,169
Sales taxes recoverable	5,468	3,659
Prepaid and other	989	3,770
	<u>\$ 169,525</u>	<u>\$ 267,038</u>
Investment (Note 2)	12,000	-
Capital Assets (Note 3)	<u>838,833</u>	<u>822,715</u>
	<u>\$ 1,020,358</u>	<u>\$ 1,089,753</u>

LIABILITIES

Current		
Accounts payable and accrued liabilities	\$ 9,123	\$ 60,763
Deferred donation revenue (Note 4)	34,790	82,982
	<u>\$ 43,913</u>	<u>\$ 143,745</u>

FUND BALANCES

General Fund	\$ 37,562	\$ 24,122
Saga Fund	11,651	6,786
Restricted Mission Fund	33,717	19,187
Capital Asset Fund	838,833	822,715
Clarkson Designated Fund	54,682	73,198
	<u>\$ 976,445</u>	<u>\$ 946,008</u>
	<u>\$ 1,020,358</u>	<u>\$ 1,089,753</u>

Approved by the Board:

_____ Director

_____ Director

CLARKSON COMMUNITY CHURCH

STATEMENT OF CHANGES IN FUND BALANCES

For the year ended June 30, 2020

	Balance - Beginning	Revenues	Expenses	Transfers (Note 5)	Balance - Ending
General Fund (Page 5)	<u>\$ 24,122</u>	<u>\$ 508,362</u>	<u>\$ 481,355</u>	<u>\$ (13,567)</u>	<u>\$ 37,562</u>
Saga Fund (Page 6)	<u>\$ 6,786</u>	<u>\$ 150,743</u>	<u>\$ 145,878</u>	<u>\$ -</u>	<u>\$ 11,651</u>
Other					
Restricted Mission Fund	\$ 19,187	\$ 27,436	\$ 12,906	\$ -	\$ 33,717
Capital Asset Fund	822,715	-	25,965	42,083	838,833
Clarkson Designated Fund	<u>73,198</u>	<u>10,000</u>	<u>-</u>	<u>(28,516)</u>	<u>54,682</u>
	<u>\$ 915,100</u>	<u>\$ 37,436</u>	<u>\$ 38,871</u>	<u>\$ 13,567</u>	<u>\$ 927,232</u>
TOTAL	<u>\$ 946,008</u>	<u>\$ 696,541</u>	<u>\$ 666,104</u>	<u>\$ -</u>	<u>\$ 976,445</u>
PRIOR YEAR TOTAL	<u>\$ 956,252</u>	<u>\$ 642,839</u>	<u>\$ 653,083</u>	<u>\$ -</u>	<u>\$ 946,008</u>

See accompanying notes

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CLARKSON COMMUNITY CHURCH

STATEMENT OF OPERATIONS - General Fund

For the year ended June 30,	2020	2019
REVENUES		
Donations	\$ 476,653	\$ 489,512
Other revenue	17,937	10,407
Government assistance (Note 6)	7,355	-
Rental	6,417	9,356
	<u>\$ 508,362</u>	<u>\$ 509,275</u>
EXPENSES		
Ministry	\$ 345,665	\$ 338,919
Property and maintenance	64,538	66,635
Finance and administration	23,372	26,844
Local outreach	20,380	26,087
Foreign missions	10,000	10,000
National missions	8,000	8,000
Christian education	6,476	10,815
Communication and fellowship	2,924	5,369
	<u>\$ 481,355</u>	<u>\$ 492,669</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 27,007</u>	<u>\$ 16,606</u>

See accompanying notes

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CLARKSON COMMUNITY CHURCH

STATEMENT OF OPERATIONS - Saga Fund

For the year ended June 30,	2020	2019
REVENUES		
Camp fees	\$ 77,750	\$ 105,132
Wage grants (Note 6)	56,133	40,566
Camp donations	16,860	4,714
	<u>\$ 150,743</u>	<u>\$ 150,412</u>
EXPENSES		
Wages and benefits	\$ 93,128	\$ 93,256
Year-round ministry	27,011	22,202
Camp programs	14,011	16,228
Administration	9,411	8,851
Supplies	2,317	3,089
	<u>\$ 145,878</u>	<u>\$ 143,626</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 4,865</u>	<u>\$ 6,786</u>

See accompanying notes

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CLARKSON COMMUNITY CHURCH

STATEMENT OF CASH FLOWS

For the year ended June 30,

2020

2019

CASH AND CASH EQUIVALENTS WERE PROVIDED BY (USED IN):

OPERATING ACTIVITIES

Excess (deficiency) of revenues over expenses	\$ 30,437	\$ (10,244)
Items not affecting cash:		
Amortization of capital assets	<u>25,965</u>	<u>23,926</u>
	\$ 56,402	\$ 13,682
Net change in non-cash working capital balances:		
Sales taxes recoverable	(1,809)	2,986
Prepaid and other	2,781	2,807
Accounts payable and accrued liabilities	(51,640)	(12,648)
Deferred donation revenue	<u>(48,192)</u>	<u>11,378</u>
	\$ (42,458)	\$ 18,205

INVESTING ACTIVITIES

Purchase of capital assets	\$ (42,083)	\$ -
Purchase of investment	<u>(12,000)</u>	<u>-</u>
	\$ (54,083)	\$ -

INCREASE (DECREASE) IN CASH

\$ (96,541) \$ 18,205

CASH - Beginning

259,609 241,404

CASH - Ending

\$ 163,068 \$ 259,609

SUPPLEMENTARY CASH FLOW INFORMATION

Cash is allocated as follows:

Unrestricted cash	\$ 94,561	\$ 157,440
Restricted cash	<u>68,507</u>	<u>102,169</u>
	<u>\$ 163,068</u>	<u>\$ 259,609</u>

See accompanying notes

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CLARKSON COMMUNITY CHURCH

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NATURE OF OPERATIONS

Clarkson Community Church (the "Church", formerly Chartwell Baptist Church (Clarkson Village) Inc.) exists to preach and advance the Christian faith through teaching and ministry and to evangelize at home and abroad. The Church was incorporated under letters patent on June 29, 2010, commenced operations as a registered charity under the Income Tax Act on January 1, 2011 and as such is exempt from income taxes.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

a) Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions based on currently available information. Such estimates and assumptions affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from the estimates used.

Significant estimates include the estimated useful life of capital assets.

b) Fund Accounting

Resources are classified into funds according to the activity or objective specified as follows:

The General Fund reports assets, liabilities, revenues and expenses for the operating activities of the Church.

The Saga Fund reports the assets, liabilities, revenues and expenses related to Saga Day Camp.

The Restricted Mission Fund reports the assets, liabilities, revenues and expenses for designated donations which are restricted externally by donors for mission purposes.

The Capital Asset Fund reflects the assets, liabilities, revenues and expenses related to the capital assets and any related loans used to finance their acquisition.

The Clarkson Designated Fund is utilized at the Board's discretion for revenues and expenses generally not provided for in the annual operating budget.

c) Cash and Cash Equivalents

Cash and cash equivalents consists of cash held in the bank.

CLARKSON COMMUNITY CHURCH

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

d) Capital Assets

Capital assets are recorded at cost. Amortization is provided over the estimated useful life of the assets using the following annual rates and methods:

	<u>Rate</u>	<u>Method</u>
Building	4%	declining balance
Office furniture and equipment	20%	declining balance
Computer equipment	30%	declining balance

e) Impairment of Capital Assets

When a capital asset no longer has any long-term service potential to the Church, the excess of its net carrying amount over any residual value is recognized as an expense in the Capital Asset Fund.

f) Revenue Recognition

The Church follows the restricted fund method whereby externally restricted contributions are recognized in the fund corresponding to the purpose for which they were contributed. Restricted contributions for which there is no fund are recorded in accordance with the deferral method. Unrestricted contributions are recognized as revenues in the General Fund.

Saga Day Camp, rental and other revenue are recognized as revenue when earned and collection is reasonably assured.

g) Contributed Services

A substantial number of unpaid volunteers have made significant contributions of their time toward the operations of the Church. The value of this contributed time is not reflected in these financial statements as such value is not capable of reasonable estimation.

h) Financial Instruments

Measurement of Financial Instruments

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

Financial assets measured at amortized cost include cash. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities. The Church has no financial assets measured at fair value and has not elected to carry any financial asset or liability at fair value.

CLARKSON COMMUNITY CHURCH

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

h) Financial Instruments - Continued

Impairment

Financial assets measured at amortized cost are tested for impairment when events or circumstances indicate possible impairment. Write-downs, if any, are recognized in the excess (deficiency) of revenues over expenses and may be subsequently reversed to the extent that the net effect after the reversal is the same as if there had been no write-down. There are no impairment indicators in the current year.

2. INVESTMENT

Investment consists of a GIC bearing interest at 2.6% per annum, due October 2024.

3. CAPITAL ASSETS

Capital assets consist of the following:

	2020			2019
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 400,000	\$ -	\$ 400,000	\$ 400,000
Building	555,070	178,353	376,717	392,414
Office furniture and equipment	118,500	56,946	61,554	29,599
Computer equipment	2,977	2,415	562	702
	<u>\$ 1,076,547</u>	<u>\$ 237,714</u>	<u>\$ 838,833</u>	<u>\$ 822,715</u>

Included in building and land is property located at 1880 Lakeshore Road West, Mississauga, which is co-owned by the Church and a third party on an equal basis. The Church's proportionate share (at cost) is as follows:

Land	\$ 400,000
Building	<u>555,070</u>
	<u>\$ 955,070</u>

CLARKSON COMMUNITY CHURCH

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

4. DEFERRED DONATION REVENUE

Deferred donation revenue represents restricted operating donations received in the current period that were unspent at the fiscal year-end. Changes in the deferred donation revenue balances are as follows:

	2020	2019
Balance - Beginning	\$ 82,982	\$ 71,604
Add: amounts received	27,760	84,435
Less: amounts recognized as revenue	<u>(75,952)</u>	<u>(73,057)</u>
Balance - Ending	<u>\$ 34,790</u>	<u>\$ 82,982</u>

5. INTERFUND TRANSFERS

The General Fund transferred \$13,567 (2019 - \$nil) and the Clarkson Designated Fund transferred \$28,516 (2019 - \$nil) to the Capital Asset Fund. These transfers are done to provide funding for capital asset acquisitions.

6. GOVERNMENT ASSISTANCE

The Organization received \$7,355 (2019 - \$Nil) in government assistance under the Temporary Wage Subsidy program.

The Organization received \$56,133 (2019 - \$40,566) in government assistance under the Canada Summer Jobs program.

CLARKSON COMMUNITY CHURCH

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

7. FINANCIAL INSTRUMENTS

The Church is exposed to various risks through its financial instruments. The following analysis provides a summary of the Church's exposure to and concentrations of risk at June 30, 2020:

a) **Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. The Church is not exposed to significant credit risk and there has been no change in assessment of credit risk from the prior year.

b) **Liquidity Risk**

Liquidity risk is the risk that the Church will encounter difficulty in meeting obligations associated with financial liabilities. The Church is exposed to this risk mainly with respect to its accounts payable and accrued liabilities. The Church manages this risk by managing its working capital and by generating sufficient cash flow from operations. There has been no change in the assessment of liquidity risk from the prior year.

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 price risk. The Church is not exposed to significant market risk.

8. IMPACT OF COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services, have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. The Church has been active in monitoring and assessing the impact of the pandemic on operations and has taken necessary steps to reduce expenditures where appropriate. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government response, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences as well as their potential impact on the financial position and results of the Church for future periods. The Church is committed to adjusting operations as required to ensure continued sustainability in its pursuit of its mission.

9. COMPARATIVE FIGURES

Certain of the comparative figures have been restated in order to conform with the presentation adopted in the current year.