

**CELEBRATION CHRISTIAN CHURCH  
FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023**

**CELEBRATION CHRISTIAN CHURCH  
INDEX TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023**

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## ST. ARNAUD PINSENT STEMAN

CHARTERED PROFESSIONAL ACCOUNTANTS  
AN ASSOCIATION TO PRACTISE CHARTERED PROFESSIONAL ACCOUNTANCY

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### INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Board of Celebration Christian Church

We have reviewed the accompanying financial statements of Celebration Christian Church (the Church) that comprise the statement of financial position as at December 31, 2023, and the statements of changes in net assets, revenues and expenditures 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*

In common with many charitable organizations, the Church derives significant revenues from donations. The nature of voluntary donations does not lend itself to satisfactory analysis or inquiry to enable the determination of completeness of donations.

#### *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 Celebration Christian 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 (ASNPO).

(continues)

▪ Operating as a Professional Corporation ◻ Operating as a Limited Liability Partnership

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Independent Practitioner's Review Engagement Report to the Board of Celebration Christian Church  
(continued)

*Other Matter*

The financial statements of Celebration Christian Church for the year ended December 31, 2022 were reviewed by another practitioner who expressed qualified conclusion on those financial statements on May 11, 2023 for the reasons described in the *Basis for Qualified Conclusion* section.

*JAM Accounting Group LLP*

Edmonton, Alberta  
June 6, 2024

JAM Accounting Group LLP  
Chartered Professional Accountants

**CELEBRATION CHRISTIAN CHURCH  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2023**

	2023 \$	2022 \$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash - unrestricted	918,368	1,124,508
Cash - restricted	110,952	207,604
Accounts receivable (Note 4)	26,908	23,884
Prepaid expenses	23,694	18,499
Inventory	2,083	2,083
	<b>1,082,005</b>	1,376,578
CAPITAL ASSETS (Note 5)	<b>11,290,578</b>	11,436,072
DEFERRED LEASE COMMISSIONS (Note 6)	-	3,485
<b>TOTAL ASSETS</b>	<b>12,372,583</b>	12,816,135
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	64,530	34,087
Wages payable	20,727	4,661
Deposits received	16,320	25,170
Current portion of debt (Note 7)	141,496	120,555
	<b>243,073</b>	184,473
Callable debt (Note 7)	<b>3,328,261</b>	3,482,015
<b>TOTAL LIABILITIES</b>	<b>3,571,334</b>	3,666,488
<b>NET ASSETS</b>		
Unrestricted fund	869,476	1,078,543
Capital fund	7,820,821	7,863,500
Legacy fund	110,952	207,604
	<b>8,801,249</b>	9,149,647
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>12,372,583</b>	12,816,135

Approved on behalf of the board

\_\_\_\_\_ Director

**CELEBRATION CHRISTIAN CHURCH  
STATEMENT OF CHANGES IN NET ASSETS  
YEAR ENDED DECEMBER 31, 2023**

	Unrestricted Fund \$	Capital Fund \$	Legacy Fund \$	<b>2023</b> \$	2022 \$
<b>Net assets - beginning of year</b>	1,078,543	7,863,500	207,604	<b>9,149,647</b>	9,000,390
Excess (deficiency) of revenues over expenses	(1,890)	(450,694)	104,186	<b>(348,398)</b>	149,257
Purchase of capital assets - net	(104,362)	305,200	(200,838)	-	-
Payments on callable debt	(102,815)	102,815	-	-	-
<b>Net assets - end of year</b>	<b>869,476</b>	<b>7,820,821</b>	<b>110,952</b>	<b>8,801,249</b>	<b>9,149,647</b>

*The accompanying notes form part of these financial statements*

**CELEBRATION CHRISTIAN CHURCH**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**YEAR ENDED DECEMBER 31, 2023**

	2023	2022
	\$	\$
<b>REVENUES</b>		
Offerings	2,076,858	2,249,334
Rental	136,717	128,530
Legacy Fund	94,761	81,629
Interest	65,305	25,745
Registration fees	64,579	79,181
Other	26,972	25,346
Gifts in kind	20,000	-
Books and resources	19,426	20,807
	<u>2,504,618</u>	<u>2,610,572</u>
<b>EXPENSES</b>		
Salaries and wages	934,547	867,530
Program	571,098	450,228
Amortization	450,694	452,472
Facility	372,323	238,903
Interest on callable debt	262,687	168,156
Church administration	166,039	132,547
Ministry	47,302	50,434
Gifts to other charities	40,713	86,644
Books and resources	23,941	5,929
Property taxes	11,007	9,740
Rent	500	756
	<u>2,880,851</u>	<u>2,463,339</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS</b>	<u>(376,233)</u>	147,233
<b>OTHER ITEMS</b>		
Grants	27,835	-
Gain on disposal of capital assets	-	2,024
	<u>27,835</u>	<u>2,024</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FOR THE YEAR</b>	<u>(348,398)</u>	149,257

*The accompanying notes form part of these financial statements*

**CELEBRATION CHRISTIAN CHURCH**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2023**

	2023	2022
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses for the year	(348,398)	149,257
Items not affecting cash:		
Amortization of capital assets	450,694	452,472
Gain on disposal of capital assets	-	(2,024)
	<u>102,296</u>	<u>599,705</u>
Changes in non-cash working capital:		
Accounts receivable	(3,024)	(12,173)
Inventory	-	1,773
Accounts payable and accrued liabilities	30,441	(13,360)
Deposits received	(8,850)	7,000
Prepaid expenses	(5,193)	68
Deferred lease commissions	3,485	5,228
Wages payable	16,066	29
	<u>32,925</u>	<u>(11,435)</u>
Cash flow from operating activities	<u>135,221</u>	<u>588,270</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(305,200)	(65,612)
Proceeds on disposal of capital assets	-	8,000
Cash flow used by investing activities	<u>(305,200)</u>	<u>(57,612)</u>
<b>FINANCING ACTIVITIES</b>		
Repayment of callable debt	(102,813)	(167,844)
Repayment of CEBA loan	(30,000)	-
Cash flow used by financing activities	<u>(132,813)</u>	<u>(167,844)</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(302,792)</b>	<b>362,814</b>
Cash - beginning of year	<u>1,332,112</u>	<u>969,299</u>
<b>CASH - END OF YEAR</b>	<b><u>1,029,320</u></b>	<b><u>1,332,113</u></b>
<b>CASH CONSISTS OF:</b>		
Cash - unrestricted	918,368	1,124,508
Cash - restricted	<u>110,952</u>	<u>207,604</u>
	<b><u>1,029,320</u></b>	<b><u>1,332,113</u></b>

*The accompanying notes form part of these financial statements*



**CELEBRATION CHRISTIAN CHURCH  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023**

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**1. NATURE OF OPERATIONS**

Celebration Christian Church (the "church") is a not-for-profit organization that operates a Christian church located in Edmonton, Alberta. The church was incorporated on June 15, 1992 under the Societies Act of the Province of Alberta. As a registered charity the Church is exempt from the payment of income tax under Subsection 149(1) of the Income Tax Act.

**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).

**Fund accounting**

Celebration Christian Church follows the restricted fund method of accounting for contributions.

Externally restricted contributions are recognized in the fund corresponding to the purpose for which they were contributed. Restricted contributions for which no restricted fund is presented must be recognized in the unrestricted fund using the deferral method. Unrestricted contributions are recognized as revenues in the unrestricted fund.

The Board has established the Legacy Fund, which is an externally restricted fund whereby donations are earmarked for renovations of the Church buildings and expansion of the Church through the rental and purchase of new locations. The Board has discretion to transfer monies in and out of this fund to manage the cash flows associated with the renovations and expansion. Included in the transfers in and out are GST rebates associated with the renovations, financing and repayments, capital expenditures relating to the renovations and expansion, general offerings intended for this fund, building rental costs, and some building maintenance costs.

The Board has established an internally restricted Capital Fund to report the Church's net investment in capital assets. Included in this fund is capital assets and callable debt.

The Board has also established an internally restricted, non-designated fund, whereby a portion of building rental income received will be accumulated for future use.

**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. Significant financial statement items that require the use of estimates are the useful life and amortization of capital assets. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

**Inventory**

Inventory consists of goods purchased for resale and is stated at the lower of cost and replacement cost using the specific identification method.

**Income taxes**

As a registered charity the Church is exempt from the payment of income tax under Subsection 149(1) of the Income Tax Act.

*(continues)*

**CELEBRATION CHRISTIAN CHURCH  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Capital assets**

Capital assets are stated at cost or deemed cost. Donated capital assets are recorded at fair value on the day of contribution. Amortization is recorded to amortize the cost of the assets over their estimated useful lives and is calculated at one-half of the annual rate in the year of purchase or donation. Amortization is recorded at the following rates and methods:

Buildings	4%	declining balance method
Automotive equipment	30%	declining balance method
Computer equipment	55%	declining balance method
Computer software	100%	declining balance method
Furniture and fixtures	20%	declining balance method
Music & AV Equipment	20%	declining balance method

**Foreign currency translation**

The Church uses the temporal method to translate its foreign currency transactions. Monetary assets and liabilities are translated at the rate of exchange in effect at year-end. Other assets and liabilities are translated at their historic rates. Items appearing in the statement of operations, except for the cost of inventory and amortization translated at historic rates, are translated at average year rates. Exchange gains and losses are included in the statement of revenues and expenses.

Foreign exchange gains and losses on monetary assets and liabilities are included in the determination of earnings.

**Financial instruments**

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, accounts receivable and prepaid expenses and commissions.

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

**Revenue recognition**

Contributions and other revenue, restricted and unrestricted, are recorded when received, except as noted below.

Restricted contributions relate to the Legacy fund, which was established to facilitate the purchase and renovation of property for the establishment of a new church.

Rental revenue is recognized on a straight-line basis over the term of the lease. Registration fees are recognized over the term of the program.

Unearned revenue occurs when payment is received before services have been performed.

**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.

**CELEBRATION CHRISTIAN CHURCH  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023**

**3. 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 December 31, 2023.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Church is exposed to credit risk from customers. The Church has a significant number of customers which minimizes concentration of credit risk.

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 customers and other related sources, long term debt and accounts payable.

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 floating interest rate callable debt.

Unless otherwise noted, it is management's opinion that the Church is not exposed to significant other price risks arising from these financial instruments.

**4. ACCOUNTS RECEIVABLE**

	2023 \$	2022 \$
Trade accounts receivable	1,405	8,750
Goods and services taxes receivable	25,503	15,134
	26,908	23,884

**5. CAPITAL ASSETS**

	Cost \$	Accumulated amortization \$	2023 Net book value \$	2022 Net book value \$
Land	3,711,526	-	3,711,526	3,711,526
Buildings	10,039,719	3,222,193	6,817,526	7,101,594
Music & AV Equipment	1,858,374	1,322,258	536,116	419,993
Furniture and fixtures	701,800	523,897	177,903	167,775
Computer equipment	169,372	151,584	17,788	17,015
Automotive equipment	73,633	43,914	29,719	18,169
	16,554,424	5,263,846	11,290,578	11,436,072

**CELEBRATION CHRISTIAN CHURCH  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023**

**6. DEFERRED LEASE COMMISSIONS**

In 2018, the church paid commissions to obtain a tenant to lease a portion of its premises. As this direct cost is associated with the specific lease agreement, it will be deferred and amortized over the lease term. Included in the Church's administration expenditures is \$3,485 (2022 - \$5,228) related to the amortization of the lease commissions.

**7. CALLABLE DEBT**

	2023 \$	2022 \$
ATB Financial loan bearing interest at 6.95% per annum, repayable in monthly blended payments of \$33,900. The loan matures on February 15, 2038 and is secured by a general security agreement over all present and after-acquired personal property.	3,469,757	3,572,570
Canada Emergency Business Account (CEBA) loan bearing interest at 0% per annum, with \$10,000 forgivable if repaid by December 31, 2023. The loan was repaid in fiscal 2023.	-	30,000
	3,469,757	3,602,570
Amounts payable within one year	(141,496)	(120,555)
	3,328,261	3,482,015

The demand loan agreement contains certain covenants regarding (i) restrictions on new borrowing by the Church, (ii) unauthorized sale of Church assets whose fair value exceeds \$50,000, and (iii) certain financial covenants as follows: the Church's debt to equity ratio must not exceed 1.5:1, and the debt service ratio must be greater than 1.25:1. As at December 31, 2023, these covenants have been met. In addition, the Church is required to provide financial statements to the bank within 120 days of the Church's year end.

Principal repayment terms are approximately:

	\$
2024	141,496
2025	152,784
2026	164,973
2027	178,133
2028	192,344
Thereafter	2,640,027
	3,469,757

**8. COMPARATIVE FIGURES**

Some of the comparative figures have been reclassified to conform to the current year's presentation.

**CELEBRATION CHRISTIAN CHURCH  
SCHEDULE 1 - LEGACY FUND  
YEAR ENDED DECEMBER 31, 2023**

	2023	2022
	\$	\$
<b>REVENUES</b>		
Offerings	94,761	81,629
Interest income	9,425	2,174
	<u>104,186</u>	<u>83,803</u>
<b>EXPENSES</b>	<u>-</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>104,186</u>	<u>83,803</u>

*The accompanying notes form part of these financial statements*