

International Worship Centre Inc.
Financial Statements
December 31, 2021

Independent Auditor's Report

To the Members of International Worship Centre Inc.:

Qualified Opinion

We have audited the financial statements of International Worship Centre Inc. (the "Church"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations and 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 December 31, 2021, 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 revenue from the general public in the form of donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly our verification of revenue was limited to the amounts recorded in the records of the Church and were not able to determine whether any adjustments might be necessary to revenue, current assets, excess of revenue over expenses, 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 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 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.

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.

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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.

Winnipeg, Manitoba

May 10, 2022

MNP LLP

Chartered Professional Accountants

International Worship Centre Inc.
Statement of Financial Position

As at December 31, 2021

	2021	2020
Assets		
Current		
Cash	1,094,699	856,124
Accounts receivable (Note 3)	2,778	16,924
Prepaid expenses	30,221	16,169
	1,127,698	889,217
Capital assets (Note 4)	3,559,018	3,652,227
	4,686,716	4,541,444
Liabilities		
Current		
Accounts payable and accruals	49,468	32,472
Government remittances payable	10,587	5,645
Current portion of long-term loan due on demand (Note 5)	81,507	76,877
	141,562	114,994
Term loan due on demand (Note 5)	1,544,831	1,684,928
	1,686,393	1,799,922
Deferred capital contributions (Note 6)	291,150	306,534
	1,977,543	2,106,456
Net Assets		
Net assets (Note 7)	2,709,173	2,434,988
	4,686,716	4,541,444

Approved on behalf of the Pastor's Council

Member of Pastor's Council

Member of Pastor's Council

The accompanying notes are an integral part of these financial statements

International Worship Centre Inc.
Statement of Operations and Changes in Net Assets

For the year ended December 31, 2021

	2021	2020
Revenue		
Donations		
General	1,119,941	1,151,957
Love offerings	9,806	24,681
Building	27,804	47,580
Radio ministry	560	1,251
Missions	102,186	45,941
Non-receipted collections	10,684	4,718
Deferred capital contributions realized	15,384	15,392
Other ministry revenue	33,724	50,975
	1,320,089	1,342,495
Expenses		
Administration (Note 8)	673,138	533,985
Amortization	123,111	123,671
Facilities (Note 9)	174,634	194,540
Ministries (Note 10)	53,437	33,892
Outreach (Note 11)	21,584	32,338
	1,045,904	918,426
Excess revenue over expenses	274,185	424,069
Net assets, beginning of year	2,434,988	2,010,919
Net assets, end of year	2,709,173	2,434,988

The accompanying notes are an integral part of these financial statements

International Worship Centre Inc.
Statement of Cash Flows
For the year ended December 31, 2021

	2021	2020
Cash provided by (used for) the following activities		
Operating		
Excess revenue over expenses	274,185	424,069
Amortization	123,111	123,671
Deferred capital contributions realized	(15,384)	(15,392)
	381,912	532,348
Changes in working capital accounts		
Accounts receivable	14,146	55,452
Prepaid expenses	(14,052)	(3,633)
Accounts payable and accruals	16,996	14,874
Government remittances payable	4,942	(382)
	403,944	598,659
Financing		
Repayment of term loan due on demand	(135,467)	(193,830)
Deferred capital contributions received	-	147,618
	(135,467)	(46,212)
Investing		
Purchases of capital assets	(29,902)	(201,115)
Increase in cash resources	238,575	351,332
Cash resources, beginning of year	856,124	504,792
Cash resources, end of year	1,094,699	856,124

The accompanying notes are an integral part of these financial statements

1. Purpose and nature of the Church

The mission of International Worship Centre Inc. (the "Church") is to worship God, preach the gospel of salvation by faith in Jesus Christ, disciple people through sound biblical exposition and one on one caring for one another and to tell others about Christ and the salvation available through a personal relationship with Him.

The Church is incorporated under the Canada Corporations Act as a not-for-profit organization, is a registered charity and thus is exempt from income taxes under the Income Tax Act (Canada).

2. Significant accounting policies

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

Cash

Cash consists of balances held in financial institutions. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Long-lived assets

Long-lived assets consist of capital assets and construction in progress. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the Church determines that a long-lived asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the straight-line method at the below rates intended to amortize the cost of assets over their estimated useful lives.

Buildings	40 years
Automotive	5 years
Equipment	5 years

Deferred capital contributions

Deferred capital contributions relate to contributions received from donors for which the donors have restricted the donation for the purpose of construction of capital assets. These deferred capital contributions are recognized into revenue on the same basis as the amortization of the related capital assets.

Revenue recognition

The Church follows the deferral method of 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.

Government assistance

Claims for assistance under various government grant and subsidy programs are included in revenue in the period in which eligible expenditures are incurred.

2. Significant accounting policies *(Continued from previous page)*

Measurement uncertainty (use of estimates)

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization expense is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in the statement of operations in the periods in which they become known.

Contributed materials and services

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Church's operations and would otherwise have been purchased.

Financial instruments

The Church recognizes its financial instruments when the Church becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value. At initial recognition, the Church may irrevocably elect to subsequently measure any financial instrument at fair value. The Church has not made such an election during the year. All financial assets and liabilities are subsequently measured at amortized cost. Transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

3. Accounts receivable

	2021	2020
GST receivable	2,778	8,825
Receivable from the Province of Manitoba (Note 13)	-	6,082
Other receivables	-	2,017
	2,778	16,924

International Worship Centre Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

4. Capital assets

	Cost	Accumulated amortization	2021 Net book value
Land	490,130	-	490,130
Buildings	3,883,617	857,711	3,025,906
Automotive	16,543	14,693	1,850
Equipment	466,372	425,240	41,132
	4,856,662	1,297,644	3,559,018

	Cost	Accumulated amortization	2020 Net book value
Land	490,130	-	490,130
Buildings	3,853,715	760,621	3,093,094
Automotive	16,543	12,843	3,700
Equipment	466,372	401,069	65,303
	4,826,760	1,174,533	3,652,227

5. Term loan due on demand

	2021	2020
Access Credit Union demand loan is repayable in monthly payments of \$11,250 including interest of 3.37% (2020 - 3.37%), secured by a \$2,700,000 (2020 - \$2,700,000) first charge mortgage on land and buildings, an assignment of fire insurance and a general security agreement, due November 2025. The Board has approved an additional monthly principal payment of \$5,000.	1,626,338	1,761,805
Less: Current portion of demand loan	(81,507)	(76,877)
	1,544,831	1,684,928

Principal repayments on term loan due on demand in each of the next four years, assuming term loan due on demand is renewed, are estimated as follows:

2022	81,507
2023	84,294
2024	87,175
2025	1,373,362
	1,626,338

International Worship Centre Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

6. Deferred capital contributions

Deferred capital contributions are comprised of the following specified contributions related to the building on St. James Street in Winnipeg:

\$150,000 total donations received in 2016 for the construction of the Youth Development Centre;
 \$39,760 received in 2019 from The City of Winnipeg for the reconstruction of a pylon sign;
 \$147,618 received in 2020 from The City of Winnipeg for the reconstruction of the front entrance.

The above capital contributions are being amortized over the estimated useful life of the related capital assets.

The following table shows contributions deferred to future periods:

	2021	2020
Youth Development Centre		
Balance, beginning of the year	138,750	142,500
Recognized as revenue related to the Youth Development Centre	(3,750)	(3,750)
Balance, end of year	135,000	138,750
Pylon Sign		
Balance, beginning of the year	23,856	31,808
Recognized as revenue related to the reconstruction of the pylon sign	(7,952)	(7,952)
Balance, end of year	15,904	23,856
Front Entrance		
Balance, beginning of the year	143,928	-
Restricted capital contributions received during the year	-	147,618
Recognized as revenue related to the reconstruction of the front entrance	(3,682)	(3,690)
Balance, end of year	140,246	143,928
	291,150	306,534

7. Net assets

	2021	2020
Unrestricted	1,067,643	851,100
Invested in capital assets	1,641,530	1,583,888
	2,709,173	2,434,988

International Worship Centre Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

8. Administration expenses

	2021	2020
Bank charges	21,515	20,519
Conferences/seminars	6,506	580
Contracted services	60,811	34,626
Discretionary	1,143	48
District support	112,975	117,624
Honorarium	61,295	47,636
Internet and telephone	14,008	9,819
Library and books for leaders	1,534	976
Licences and fees	7,402	8,024
Love offerings and gifts	1,826	1,882
Meals	5,920	4,979
Minor equipment	2,049	951
Office expenses	11,095	13,350
Printing and promotion	1,814	2,340
Salaries and benefits	351,493	251,495
Special occasions	7,534	13,702
Vehicle expense	4,218	5,434
	673,138	533,985

9. Facilities expenses

	2021	2020
Coffee shop/bookstore	-	431
Insurance	12,661	12,765
Interest on demand loan	57,263	76,185
Professional fees	5,695	7,284
Property taxes	1,143	859
Rent	19,293	27,400
Repairs and maintenance	46,010	39,185
Security	4,542	3,114
Utilities	28,027	27,317
	174,634	194,540

10. Ministries expenses

	2021	2020
Adult	7,381	2,073
Arts	10,550	5,368
Children	4,943	2,791
Communications	198	211
Hospitality	775	1,620
Ignite	1,363	1,583
Music	4,262	7,648
Security and ushering	1,634	2,028
Treasury	-	811
Video and sound	20,180	7,781
Youth	2,151	1,978
	53,437	33,892

International Worship Centre Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

11. Outreach expenses

	2021	2020
Community care	1,619	521
Missions	18,102	15,615
Other	1,302	1,907
Radio program	561	14,295
	21,584	32,338

12. Financial instruments

The Church, as part of its operations, carries a number of financial instruments. It is management's opinion that the Church is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

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. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Church is exposed to interest rate price risk with respect to its fixed rate term loan due on demand as described in Note 5.

13. Government assistance

During the year, the Church qualified for \$nil (2020 - \$4,070) of 10% Temporary Wage Subsidy for Employers (TWS) from the Government of Canada as part of Canada's COVID-19 Economic Response Plan to support Canadians and protect jobs during the global COVID-19 pandemic. The Church also qualified for the following government assistance:

Manitoba Bridge Grant	\$10,000 (2020 - \$10,000)
Back to Work Manitoba Wage Subsidy	\$ nil (2020 - \$11,582)

These amounts have been included in other ministry revenue on the Statement of Operations. At December 31, 2021, there is \$nil (2020 - \$6,082) of government assistance included in accounts receivable.

14. Significant event

In March 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses and not-for-profit organizations through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Church as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put in place by Canada and other countries to fight the virus.