

EZRA INSTITUTE FOR CONTEMPORARY  
CHRISTIANITY >

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# financial statements

>YEAR ENDED DECEMBER 31, 2019

MAC LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

# financial statements

>YEAR ENDED DECEMBER 31, 2019

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## INDEPENDENT AUDITOR'S REPORT

To the Members of Ezra Institute for Contemporary Christianity:

### Qualified Opinion

We have audited the financial statements of Ezra Institute for Contemporary Christianity, the "Charity", which comprise the statement of financial position as at December 31, 2019, and the statements of operations and changes in fund balances 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 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 Charity as at December 31, 2019, 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 not-for-profit organizations, Ezra Institute for Contemporary Christianity derives revenue from donations from interested persons, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of Ezra Institute for Contemporary Christianity. Therefore, we were unable to determine whether any adjustments might have been found necessary with respect to donation revenues, excess of revenues over expenses, and cash flows for the years ended December 31, 2019 and December 31, 2018, and current assets and net assets as at December 31, 2019 and December 31, 2018. Our conclusion on the financial statements as at and for the year ended December 31, 2019 was modified accordingly because of the possible effects 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Charity in accordance with the ethical requirements that are relevant to our audit of 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 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 Charity'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 Charity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Charity'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.

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 Charity'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 Charity'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 Charity 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.

*MAC LLP.*

Waterloo, Ontario  
May 29, 2020

LICENSED PUBLIC ACCOUNTANTS  
CHARTERED PROFESSIONAL ACCOUNTANTS

EZRA INSTITUTE FOR CONTEMPORARY CHRISTIANITY>

# statement of financial position

>YEAR ENDED DECEMBER 31, 2019

	operating fund	investment in capital assets	<u>internally restricted</u> long term investment fund	2019 total	2018 total
<b>assets</b>					
<b>current</b>					
Cash	\$ 229,824	\$ -	\$ -	\$ 229,824	\$ 361,839
Other investments (Note 3)	-	-	743,876	743,876	685,909
Accounts receivable	31,641	-	-	31,641	228,741
Prepaid expenses	6,590	-	-	6,590	-
Inventory (Note 4)	<u>7,973</u>	<u>-</u>	<u>-</u>	<u>7,973</u>	<u>7,133</u>
	276,028	-	743,876	1,019,904	1,283,622
<b>capital assets</b> (Note 5)	2,078	4,863,383	-	4,865,461	4,522,244
<b>trademark</b>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>
	<u>\$ 283,106</u>	<u>\$ 4,863,383</u>	<u>\$ 743,876</u>	<u>\$ 5,890,365</u>	<u>\$ 5,810,866</u>
<b>liabilities</b>					
<b>current</b>					
Accounts payable and accrued liabilities	\$ 15,751	\$ -	\$ -	\$ 15,751	\$ 8,848
Deposits	2,491	-	-	2,491	-
<b>fund balances</b>	<u>264,864</u>	<u>4,863,383</u>	<u>743,876</u>	<u>5,872,123</u>	<u>5,802,018</u>
	<u>\$ 283,106</u>	<u>\$ 4,863,383</u>	<u>\$ 743,876</u>	<u>\$ 5,890,365</u>	<u>\$ 5,810,866</u>

Approved on behalf of the Board:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

EZRA INSTITUTE FOR CONTEMPORARY CHRISTIANITY>  
**statement of operations and  
changes in fund balances**

>YEAR ENDED DECEMBER 31, 2019

	operating fund	investment in capital assets	internally <u>restricted</u> long term investment fund	2019 total	2018 total
<b>revenue</b>					
Donations	\$ 657,440	\$ -	\$ -	\$ 657,440	\$ 1,785,682
Resource sales	22,359	-	-	22,359	9,321
High impact training revenue	56,850	-	-	56,850	16,697
Conference, partner event, speaking ministry revenue	25,219	-	-	25,219	983
Investment income (Note 3)	-	-	132,967	132,967	(14,091)
	<u>761,868</u>	<u>-</u>	<u>132,967</u>	<u>894,835</u>	<u>1,798,592</u>
<b>expenses</b>					
Centre for reformational culture - high impact training	420,190	-	-	420,190	365,535
Conferences, partner events, speaking ministry	48,134	-	-	48,134	24,046
Content - digital and print	139,356	-	-	139,356	147,304
Administration and fundraising	54,729	-	-	54,729	58,381
Amortization of property, building and equipment	1,539	160,782	-	162,321	152,121
	<u>663,948</u>	<u>160,782</u>	<u>-</u>	<u>824,730</u>	<u>747,387</u>
<b>excess of revenue over expenses for year</b>	<u>97,920</u>	<u>(160,782)</u>	<u>132,967</u>	<u>70,105</u>	<u>1,051,205</u>
<b>balance, beginning of year as previously stated</b>	295,922	4,520,187	985,909	5,802,018	4,750,813
Interfund transfers	(128,978)	503,978	(375,000)	-	-
<b>balance, end of year</b>	<u>\$ 264,864</u>	<u>\$ 4,863,383</u>	<u>\$ 743,876</u>	<u>\$ 5,872,123</u>	<u>\$ 5,802,018</u>

## EZRA INSTITUTE FOR CONTEMPORARY CHRISTIANITY&gt;

## statement of cash flows

&gt;YEAR ENDED DECEMBER 31, 2019

	2019	2018
<b>operating activities</b>		
Excess of revenue over expenses for year	\$ 70,105	\$ 1,051,205
Adjustments for:		
Amortization	162,321	152,121
Unrealized gain on investments	<u>(113,417)</u>	<u>27,998</u>
	119,009	1,231,324
Changes in non-cash working capital:		
Decrease in accounts receivable	197,100	(197,449)
Increase in inventory	(840)	725
Increase in prepaids	(6,590)	-
Increase in accounts payable and accrued liabilities	6,904	(11,246)
Increase in deposits	<u>2,491</u>	<u>-</u>
	<u>318,074</u>	<u>1,023,354</u>
<b>investing activities</b>		
Purchase of capital assets	(505,539)	(36,961)
Net increase in other investments	<u>55,450</u>	<u>(713,907)</u>
	<u>(450,089)</u>	<u>(750,868)</u>
Net change in cash for the year	(132,015)	272,486
Cash Balance, beginning of year	<u>361,839</u>	<u>89,353</u>
<b>cash balance, end of year</b>	<u>\$ 229,824</u>	<u>\$ 361,839</u>

# notes to financial statements

>DECEMBER 31, 2019

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## 1. purpose of organization

The mission of Ezra Institute for Contemporary Christianity, the "Charity", is to advance and teach the religious tenets, doctrine and observances associated with the evangelical Christian faith by providing spiritual and educational resources to Canadians. The Charity is incorporated in Canada and is a registered charity for income tax purposes.

## 2. significant accounting policies

**Basis of Accounting** - These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

**Fund Accounting** - The Charity maintains accounts in accordance with the principles of fund accounting. Fund balances of the Charity are classified for accounting and reporting purposes into following funds to be used according to the directions of the donor or as determined by the Charity.

The Operating Fund reflects contributions received and expenses incurred towards the operation and administration of the Charity and its various events.

The Long Term Investment Fund reflects contributions and disbursements related to managing the investment portfolio.

The Investment in Capital Assets reflects the Charity's investment in capital assets.

**Recognition of Income** - The Charity follows the restricted fund method of accounting for contributions. Restricted contributions related to general operations are recognized as revenue of the Operating fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue in the year received.

Resource sales revenue is recognized when the sales transaction is complete. Program fees are recognized when the related event occurs.

Investment income is recognized as earned.

### **Financial Instruments**

*Measurement* - The Charity initially measures its financial assets and liabilities at fair value. The Charity subsequently measures all its financial assets and financial liabilities at amortized cost, except for other investments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and accounts receivable.

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

The Charity's financial assets measured at fair value include other investments.



# notes to financial statements

&gt;DECEMBER 31, 2019

*Impairment* - Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized as operating cost. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is not 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 as income from operations.

*Transaction costs* - The Charity recognizes its transaction costs in excess of revenue over expenses 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.

**Inventory** - Inventory is valued at the lower of cost or net realizable value. The method of determining cost is on the average cost basis.

**Capital Assets and Amortization** - Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided in the accounts using the following methods and annual rates:

Asset	Method	Rate
Building	Straight line	4%
Computer equipment	Reducing balance	55%
Software	Reducing balance	100%
Appliances	Straight line	10%
Furniture and fixtures	Straight line	10%
Vehicle	Straight line	10%

Capital assets acquired during the year are amortized at one half the above annual rates.

**Contributed Materials and Services** - Volunteers contribute their time to assist the Charity in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

The Charity receives contributed materials, the fair value of which may or may not be reasonably determinable. Contributed materials are recognized as donations when fair value can be determined. During the year, \$14,500 (2018 - \$Nil) was recognized as donations in kind.

**Disclosure and 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 that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known.

Estimates are used when accounting for certain items such as revenues, allowance for doubtful accounts, useful lives of capital assets and asset impairments.

## notes to financial statements

&gt;DECEMBER 31, 2019

## 3. other investments

The major categories of other investments are as follows:

	2019	2018
Canadian money market funds	\$ 35,424	\$ 35,038
Canadian equity funds	178,106	171,151
International equity funds	505,346	479,720
GIC Investments	<u>25,000</u>	<u>-</u>
	<u>\$ 743,876</u>	<u>\$ 685,909</u>

Investment income is comprised of the following:

	2019	2018
Dividend income	\$ 10,721	\$ 14,402
Gain on sale of investments	8,829	(495)
Unrealized gain on investments	<u>113,417</u>	<u>(27,998)</u>
	<u>\$ 132,967</u>	<u>\$ (14,091)</u>

## 4. inventory

Inventory is comprised of the following:

	2019	2018
Product for resale	<u>\$ 7,973</u>	<u>\$ 7,133</u>

Inventory expensed during the year was \$14,207 (2018 - \$7,982).

## 5. capital assets

	cost	accumulated amortization	net 2019	net 2018
Land	\$ 1,151,806	\$ -	\$ 1,151,806	\$ 1,151,806
Building	3,873,229	354,255	3,518,974	3,253,319
Computer equipment	14,200	12,122	2,078	2,055
Fruit orchard	29,662	-	29,662	-
Appliances	16,510	3,395	13,115	13,840
Furniture and fixtures	162,745	25,744	137,001	89,016
Construction in progress	-	-	-	12,208
Vehicles	<u>13,500</u>	<u>675</u>	<u>12,825</u>	<u>-</u>
	<u>\$ 5,261,652</u>	<u>\$ 396,191</u>	<u>\$ 4,865,461</u>	<u>\$ 4,522,244</u>

# notes to financial statements

>DECEMBER 31, 2019

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## 6. financial instruments

**Risk Management** - The significant risks to which the Charity is exposed are liquidity risk and market risk.

**Liquidity Risk** - Liquidity risk is the risk that the Charity will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the Charity's cash requirements.

**Market Risk** - The Charity's investments in publicly-traded securities expose the Charity to price risks as equity and fixed income investments are subject to price changes in an open market. Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, equity market fluctuations and other relevant market rate or price changes. Market risk is directly influenced by the volatility and liquidity in the markets in which the underlying assets are traded. The Charity's investments are managed by professional investment advisors.