

EZRA INSTITUTE FOR CONTEMPORARY  
CHRISTIANITY >

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# financial statements

>YEAR ENDED DECEMBER 31, 2017

MAC LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

# financial statements

>YEAR ENDED DECEMBER 31, 2017

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## INDEPENDENT AUDITOR'S REPORT

To the Directors of Ezra Institute for Contemporary Christianity:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Ezra Institute for Contemporary Christianity, which comprise the statement of financial position as at December 31, 2017, and the statements of operations, changes in net assets 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 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### **Basis for Qualified Opinion**

In common with many similar charitable 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 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, 2017 and December 31, 2016 and current assets and fund balances as at December 31, 2017 and December 31, 2016.

### **Limitation of Scope**

Ezra Institute for Contemporary Christianity undertook an inventory count as at December 31, 2017, and the results of this count are included in these financial statements. Due to the timing of our appointment as auditors, we were not able to attend the physical inventory count. Therefore, we were unable to undertake test counts of inventory and have a limitation of scope in regards to inventory quantities.

### **Qualified Opinion**

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph and Limitation of Scope mentioned above, the financial statements present fairly, in all material respects, the financial position of Ezra Institute for Contemporary Christianity as at December 31, 2017, and the results of its operations and its cash flows for the year ended December 31, 2017 in accordance with Canadian accounting standards for not-for-profit organizations.

### **Other matters**

Without modifying our opinion, we draw attention to the fact that the comparative information was reviewed, and as such, is unaudited.

Waterloo, Ontario  
June 1, 2018

LICENSED PUBLIC ACCOUNTANTS  
CHARTERED PROFESSIONAL ACCOUNTANTS

EZRA INSTITUTE FOR CONTEMPORARY CHRISTIANITY>

# statement of financial position

>DECEMBER 31, 2017

	2017	2016 (unaudited)
<b><i>assets</i></b>		
<b>current</b>		
Cash	\$ 89,353	\$ 114,833
Accounts receivable	31,292	2,341
Inventory (Note 3)	<u>7,858</u>	<u>11,542</u>
	128,503	128,716
<b>capital assets (Note 4)</b>	4,637,404	3,664
<b>trademark</b>	<u>5,000</u>	<u>5,000</u>
	<u>\$ 4,770,907</u>	<u>\$ 137,380</u>
<b><i>liabilities</i></b>		
<b>current</b>		
Accounts payable and accrued liabilities	\$ 20,094	\$ 6,131
<b><i>net assets</i></b>		
Unrestricted net assets	<u>4,750,813</u>	<u>131,249</u>
	<u>\$ 4,770,907</u>	<u>\$ 137,380</u>

Approved on behalf of the board:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

EZRA INSTITUTE FOR CONTEMPORARY CHRISTIANITY>

# statement of changes in net assets

>YEAR ENDED DECEMBER 31, 2017

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	2017	2016 (unaudited)
<b>balance, beginning of year</b>	\$ 131,249	\$ 85,595
Excess of revenue over expenses for year	<u>4,619,564</u>	<u>45,654</u>
<b>balance, end of year</b>	\$ <u>4,750,813</u>	\$ <u>131,249</u>

## EZRA INSTITUTE FOR CONTEMPORARY CHRISTIANITY&gt;

## statement of operations

&gt;YEAR ENDED DECEMBER 31, 2017

	2017	2016 (unaudited)
<b>revenue</b>		
Donations	\$ 5,108,419	\$ 242,386
Resource sales	5,348	5,692
Conference fees	2,674	-
Interest and other income	<u>373</u>	<u>171</u>
	<u>5,116,814</u>	<u>248,249</u>
<b>expenses</b>		
Amortization	76,676	1,629
Bank charges and interest	582	504
Cost of resource sales and distribution	29,778	14,465
Donor management and administration	7,608	4,284
Employment expenses	151,499	109,992
Insurance	11,306	1,550
Itinerant speaking, teaching and preaching	5,655	7,583
Office and general administration	10,525	3,617
Professional fees	6,690	2,960
Publishing	49,828	31,708
Training center maintenance and supplies	96,595	-
Training, events and conferences	13,893	16,387
Transfers to qualified donees	265	770
Utilities and property tax	22,585	-
Web based content delivery	<u>13,765</u>	<u>7,146</u>
	<u>497,250</u>	<u>202,595</u>
<b>excess of revenue over expenses for year</b>	<u>\$ 4,619,564</u>	<u>\$ 45,654</u>

## EZRA INSTITUTE FOR CONTEMPORARY CHRISTIANITY&gt;

## statement of cash flows

&gt;YEAR ENDED DECEMBER 31, 2017

	2017	2016 (unaudited)
<b>operating activities</b>		
Excess of revenue over expenses for year	\$ 4,619,564	\$ 45,654
Adjustments for:		
Amortization	<u>76,676</u>	<u>1,629</u>
	4,696,240	47,283
Changes in non-cash working capital:		
Increase in accounts receivable	(28,951)	1,171
Decrease in inventory	3,684	3,173
Increase in accounts payable and accrued liabilities	<u>13,961</u>	<u>3,514</u>
	4,684,934	55,141
<b>investing activities</b>		
Purchase of capital assets	<u>(4,710,414)</u>	<u>(4,750)</u>
Net change in cash for the year	(25,480)	50,391
Cash balance, beginning of year	<u>114,833</u>	<u>64,442</u>
<b>cash balance, end of year</b>	<b><u>\$ 89,353</u></b>	<b><u>\$ 114,833</u></b>

# notes to financial statements

>DECEMBER 31, 2017

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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.

**Revenue Recognition** - The Charity follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received. Restricted contributions are recognized as revenue when the expense is incurred.

Resource sales revenue is recognized when the sales transaction is complete. Conference fees are 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.

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 has not designated any financial asset or liability to be measured at fair value.

*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.

## notes to financial statements

&gt;DECEMBER 31, 2017

**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%

**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, \$75,457 (2016 - \$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.

### 3. inventory

Inventory is comprised of the following:

	2017	2016 (unaudited)
Product for resale	\$ <u>7,858</u>	\$ <u>11,542</u>

Inventory expensed during the year was \$7,707 (2016 - \$8,958).

## notes to financial statements

&gt;DECEMBER 31, 2017

## 4. capital assets

	cost	accumulated amortization	net 2017	net 2016 (unaudited)
Land	\$ 1,151,806	\$ -	\$ 1,151,806	\$ -
Building	3,459,174	69,183	3,389,991	-
Computer equipment	10,937	7,704	3,233	3,664
Software	628	628	-	-
Appliances	16,282	814	15,468	-
Furniture and fixtures	<u>80,954</u>	<u>4,048</u>	<u>76,906</u>	<u>-</u>
	<u>\$ 4,719,781</u>	<u>\$ 82,377</u>	<u>\$ 4,637,404</u>	<u>\$ 3,664</u>

## 5. financial instruments

**Risk management** - It is management's opinion that the Charity is not exposed to significant interest rate, currency, credit, market or liquidity risks arising from its financial instruments. There has been no change to the risk exposures from the prior year.