

International Worship Centre Inc.
Financial Statements
December 31, 2020

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, 2020, 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, 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

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.

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 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

April 15, 2021

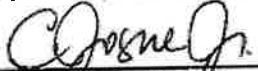
MNP LLP

Chartered Professional Accountants

International Worship Centre Inc.
Statement of Financial Position
As at December 31, 2020

	2020	2019
Assets		
Current		
Cash	856,124	504,792
Accounts receivable (Note 3)	16,924	72,376
Prepaid expenses	16,169	12,536
	889,217	589,704
Capital assets (Note 4)	3,652,227	3,522,750
Construction in progress	-	52,033
	4,541,444	4,164,487
Liabilities		
Current		
Accounts payable and accrued liabilities	32,472	17,598
Government remittances payable	5,645	6,027
Current portion of term loan due on demand (Note 5)	76,877	73,186
	114,994	96,811
Term loan due on demand (Note 5)	1,684,928	1,882,449
	1,799,922	1,979,260
Deferred capital contributions (Note 6)	306,534	174,308
	2,106,456	2,153,568
Net Assets		
Net assets (Note 7)	2,434,988	2,010,919
	4,541,444	4,164,487

Approved on behalf of the Pastor's Council


 Member of Pastor's Council


 Member of Pastor's Council

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

For the year ended December 31, 2020

	2020	2019
Revenue		
Donations		
General	1,151,957	1,021,512
Love offerings	24,681	36,668
Building	47,580	70,926
Radio ministry	1,251	3,898
Missions	45,941	64,228
Non-receipted collections	4,718	11,201
Deferred capital contributions realized	15,392	11,702
Other ministry revenue <i>(Note 13)</i>	50,975	85,572
	1,342,495	1,305,707
Expenses		
Administration <i>(Note 8)</i>	533,985	616,794
Amortization	123,671	123,550
Facilities <i>(Note 9)</i>	194,540	296,844
Ministries <i>(Note 10)</i>	33,892	102,352
Outreach <i>(Note 11)</i>	32,338	40,913
	918,426	1,180,453
Excess of revenue over expenses before other items	424,069	125,254
Other items		
Gain on expropriation of land	-	224,385
Excess revenue over expenses	424,069	349,639
Net assets, beginning of year	2,010,919	1,661,280
Net assets, end of year	2,434,988	2,010,919

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, 2020*

	2020	2019
Cash provided by (used for) the following activities		
Operating		
Excess revenue over expenses	424,069	349,639
Amortization	123,671	123,550
Deferred capital contributions realized	(15,392)	(11,702)
Gain on expropriation of land	-	(224,385)
	532,348	237,102
Changes in working capital accounts		
Accounts receivable	55,452	(64,774)
Prepaid expenses	(3,633)	(2,308)
Accounts payable and accrued liabilities	14,874	14,334
Government remittances payable	(382)	(1,121)
	598,659	183,233
Financing		
Repayment of term loan due on demand	(193,830)	(70,959)
Deferred capital contributions received	147,618	39,760
	(46,212)	(31,199)
Investing		
Purchases of capital assets	(201,115)	(63,786)
Construction in progress	-	(52,033)
Proceeds from expropriation of land	-	257,005
	(201,115)	141,186
Increase in cash resources	351,332	293,220
Cash resources, beginning of year	504,792	211,572
Cash resources, end of year	856,124	504,792

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 rates intended to amortize the cost of assets over their estimated useful lives.

Buildings	40 years
Automotive	5 years
Equipment	5 years

Construction in progress

Construction in progress is comprised of costs incurred to date on capital asset additions for which construction has not been completed. Upon completion, construction in progress is capitalized and amortized over the estimated useful life of the related capital asset.

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.

3. **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**

	2020	2019
GST receivable	8,825	5,932
Receivable from the Province of Manitoba (Note 13)	6,082	-
Other receivables	2,017	179
Receivable from the City of Winnipeg	-	66,265
	16,924	72,376

International Worship Centre Inc.
Notes to the Financial Statements
For the year ended December 31, 2020

4. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2020 Net book value</i>
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
	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2019 Net book value</i>
Land	490,130	-	490,130
Buildings	3,612,962	664,279	2,948,683
Automotive	16,543	10,993	5,550
Equipment	453,977	375,590	78,387
	4,573,612	1,050,862	3,522,750

5. Term loan due on demand

	<i>2020</i>	<i>2019</i>
Crosstown Civic Credit Union demand loan is repayable in monthly payments of \$11,250 including interest of 3.37% (2019 - 4.06%), secured by a \$2,700,000 (2019 - \$2,700,000) first charge mortgage on land and buildings, an assignment of fire insurance and a general security agreement, due November 28, 2025.	1,761,805	1,955,635
Less: Current portion of demand loan	(76,877)	(73,186)
	1,684,928	1,882,449

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

2021	76,877
2022	79,504
2023	82,222
2024	85,033
2025	87,940
	411,576

International Worship Centre Inc.
Notes to the Financial Statements
For the year ended December 31, 2020

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 summarizes contributions deferred to future periods:

	2020	2019
Balance, beginning of the year	174,308	146,250
Restricted capital contributions received during the year	147,618	39,760
Recognized as revenue related to the Youth Development Centre	(3,750)	(3,750)
Recognized as revenue related to the reconstruction of the pylon sign	(7,952)	(7,952)
Recognized as revenue related to the reconstruction of the front entrance	(3,690)	-
Balance, end of year	306,534	174,308

7. Net assets

	2020	2019
Unrestricted	851,100	566,079
Invested in capital assets	1,582,298	1,444,840
Total	2,433,398	2,010,919

8. Administration expenses

	2020	2019
Bank charges	20,519	11,036
Conferences/seminars	580	10,831
Contracted services	34,626	24,582
Discretionary	48	1,442
District Support	117,624	105,818
Honorarium	47,636	56,541
Internet and telephone	9,819	9,358
Library and books for leaders	976	1,333
Licences and fees	8,024	6,748
Love offerings and gifts	1,882	1,563
Meals	4,979	7,695
Minor equipment	951	8,863
Office expenses	13,350	17,298
Printing and promotion	2,340	3,778
Salaries and benefits	251,495	329,573
Special occasions	13,702	12,783
Vehicle expense	5,434	7,552
Total	533,985	616,794

International Worship Centre Inc.
Notes to the Financial Statements
For the year ended December 31, 2020

9. Facilities expenses

	2020	2019
Coffee shop/bookstore	431	1,303
Insurance	12,765	12,064
Interest on demand loan	76,185	80,421
Professional fees	7,284	22,926
Property taxes	859	1,148
Rent	27,400	48,149
Repairs and maintenance	39,185	96,486
Security	3,114	2,370
Utilities	27,317	31,977
	194,540	296,844

10. Ministries expenses

	2020	2019
Adult	2,073	2,659
Arts	5,368	9,046
Children	2,791	8,881
Communications	211	214
Hospitality	1,620	8,340
Ignite	1,583	16,140
Music	7,648	2,003
Security and ushering	2,028	3,959
Treasury	811	2,202
Video and sound	7,781	21,926
Youth	1,978	26,982
	33,892	102,352

11. Outreach expenses

	2020	2019
Community care	521	1,866
Missions	15,615	13,899
Other	1,907	6,814
Radio program	14,295	18,334
	32,338	40,913

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 a of \$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
Back to Work Manitoba Wage Subsidy	\$11,582

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

14. Significant event

During the year, 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.