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**PATHWAY COMMUNITY CHURCH  
WINKLER INC.  
UNAUDITED FINANCIAL STATEMENTS  
August 31, 2021**

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## **INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT**

To the members of  
**Pathway Community Church Winkler Inc.**

We have reviewed the accompanying financial statements of Pathway Community Church Winkler Inc. that comprise the statement of financial position as at August 31, 2021, and the statements of operations, changes in net assets and cash flow 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.

### **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.

### **Conclusion**

Based on our review, 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 Pathway Community Church Winkler Inc. as at August 31, 2021, and results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Gislason Targownik Peters*

**CHARTERED PROFESSIONAL ACCOUNTANTS**

Winkler, Manitoba

**PATHWAY COMMUNITY CHURCH WINKLER INC.**  
**Unaudited Statement of Operations**  
**For the year ended August 31, 2021**

*Issued for discussion  
on October 18, 2021*

	2021	2020
<b>REVENUE</b>		
General income	\$ 485,463	\$ 542,196
Designated income	13,733	28,349
Interest income	15,065	20,754
	<b>514,261</b>	<b>591,299</b>
<b>OPERATING EXPENSES (Page 6)</b>		
Administration costs	396,953	416,246
Amortization	15,267	11,123
Missions	37,028	55,769
Program costs	45,701	51,168
	<b>494,949</b>	<b>534,306</b>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ 19,312</b>	<b>\$ 56,993</b>

DRAFT

**PATHWAY COMMUNITY CHURCH WINKLER INC.**  
**Unaudited Statement of Changes in Net Assets**  
**For the year ended August 31, 2021**

*Issued for discussion  
on October 18, 2021*

	General Fund	Invested In Capital Assets	Building Fund	2021	2020
<b>NET ASSETS - Beginning</b>	\$ 300,682	\$ 32,981	\$ 1,117,371	\$ <b>1,451,034</b>	\$ 1,394,041
Excess of revenue over expenses	21,578	(15,267)	13,001	<b>19,312</b>	56,993
Invested in capital assets	(16,129)	209,855	(193,726)	-	-
<b>NET ASSETS - Ending</b>	\$ 306,131	\$ 227,569	\$ 936,646	\$ <b>1,470,346</b>	\$ 1,451,034

DRAFT

**PATHWAY COMMUNITY CHURCH WINKLER INC.**  
**Unaudited Statement of Financial Position**  
**As at August 31, 2021**

on October 18, 2021

	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 323,343	\$ 315,268
GST recoverable	5,555	637
Prepaid expenses	1,782	-
	<b>330,680</b>	315,905
<b>RESTRICTED CASH</b> (Note 3)	<b>944,351</b>	1,128,335
<b>CAPITAL ASSETS</b> (Note 4)	<b>227,569</b>	32,981
<b>INVESTMENTS</b> (Note 5)	<b>1,026</b>	968
	<b>\$ 1,503,626</b>	<b>\$ 1,478,189</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 16,645	\$ 10,767
Government remittances payable	8,930	5,423
	<b>25,575</b>	16,190
<b>DEFERRED CONTRIBUTIONS</b> (Note 6)	<b>7,705</b>	10,965
<b>NET ASSETS</b>		
Unrestricted	306,131	300,682
Invested in capital assets	227,569	32,981
Building fund	936,646	1,117,371
	<b>1,470,346</b>	1,451,034
	<b>\$ 1,503,626</b>	<b>\$ 1,478,189</b>

**APPROVED ON BEHALF OF THE BOARD:**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

See accompanying Notes to Financial Statements and Review Engagement Report

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**PATHWAY COMMUNITY CHURCH WINKLER INC.**  
**Unaudited Statement of Cash Flow**  
**For the year ended August 31, 2021**

*Issued for discussion  
on October 18, 2021*

	2021	2020
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 19,312	\$ 56,993
Non-cash items affecting operations:		
Amortization	15,267	11,123
Net change in non-cash working capital balances	(575)	(14,788)
	<b>34,004</b>	<b>53,328</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of capital assets	(209,855)	(5,919)
Investments	(58)	(77)
	<b>(209,913)</b>	<b>(5,996)</b>
<b>(DECREASE) INCREASE IN CASH AND EQUIVALENTS</b>	<b>(175,909)</b>	<b>47,332</b>
<b>CASH AND EQUIVALENTS - Beginning</b>	<b>1,443,603</b>	<b>1,396,271</b>
<b>CASH AND EQUIVALENTS - Ending</b>	<b>\$ 1,267,694</b>	<b>\$ 1,443,603</b>
<b>CASH AND EQUIVALENTS REPRESENTED BY:</b>		
Cash	\$ 323,343	\$ 315,268
Restricted cash	944,351	1,128,335
	<b>\$ 1,267,694</b>	<b>\$ 1,443,603</b>

See accompanying Notes to Financial Statements and Review Engagement Report

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**PATHWAY COMMUNITY CHURCH WINKLER INC.**  
**Unaudited Schedule of Operating Expenses**  
**For the year ended August 31, 2021**

*Issued for discussion  
on October 18, 2021*

	<b>2021</b>	<b>2020</b>
Accounting & legal	\$ 4,363	\$ 3,745
Donations & honorariums	8,700	8,700
Employee expenses	270,705	239,320
Occupancy costs	2,942	-
Office expenses	23,625	19,443
Rent	86,618	145,038
<b>Administration costs</b>	<b>396,953</b>	<b>416,246</b>
<b>Amortization</b>	<b>15,267</b>	<b>11,123</b>
<b>Missions</b>	<b>37,028</b>	<b>55,769</b>
Adult ministries	2,959	2,717
Audio & video	2,620	679
Congregational care	11,008	7,589
Education/celebration	332	4,056
Hospitality	911	1,618
Pastoral expenses	8,941	11,228
Sunday school	8,984	7,228
Worship	1,070	4,953
Youth	8,878	11,100
<b>Program costs</b>	<b>45,701</b>	<b>51,168</b>
	<b>\$ 494,949</b>	<b>\$ 534,306</b>

See accompanying Notes to Financial Statements and Review Engagement Report

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**PATHWAY COMMUNITY CHURCH WINKLER INC.**  
**Notes to the Unaudited Financial Statements**  
**For the year ended August 31, 2021**

*Issued for discussion  
on October 18, 2021*

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**1. PURPOSE OF THE ORGANIZATION**

Pathway Community Church Winkler Inc. is a corporation without share capital, incorporated in 2019 under the laws of Manitoba. The corporation is a registered charity under Section 149 of the Income Tax Act (Canada) and is therefore exempt from income tax. The objective of the organization is providing an opportunity for spiritual worship, fellowship and training.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of presentation**

The financial statements of the organization have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

**Financial instruments**

Financial assets and liabilities are initially measured at fair value. Subsequent measurement of financial assets and liabilities are at amortized cost unless otherwise noted. Financial assets and liabilities measured at amortized cost consist of cash, receivables, payables and deferred contributions.

**Capital assets**

Capital assets are recorded at cost and are being amortized on the declining balance basis at the following rates based on estimated useful life, except in the year of acquisition, when one-half of the rate is used:

Buildings	4%
Furniture and fixtures	20%
Computer hardware	55%

Leasehold improvements are recorded at cost and are being amortized on the straight-line basis over their estimated useful life.

The organization reviews capital assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.



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**PATHWAY COMMUNITY CHURCH WINKLER INC.**  
**Notes to the Unaudited Financial Statements**  
**For the year ended August 31, 2021**

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**Investments**

The organization records investments with less than significant influence at cost less any reduction for impairment. Dividends received or receivable are reported in income.

Investments are tested for impairment when events or changes in circumstances indicate that there is a possible impairment of value.

**Revenue recognition**

The organization follows the deferral method of accounting for contributions. Unrestricted donations are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Interest income is recognized as earned.

**Contributed service and materials**

A substantial number of volunteers contribute a significant amount of their time each year. Due to the difficulty of determining the fair market value, contributed services are not recognized in the financial statements.

Contributed materials which are used in the normal course of the organization's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

**Use of estimates**

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements, as well as reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the estimated useful life of capital assets. These estimates are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates in future periods could be significant.

On March 11, 2020, The World Health Organization declared COVID-19 a global pandemic. This has created considerable uncertainty in business and markets around the globe. As a result, governments and businesses are taking action to minimize the spread of the virus that include: restrictions on travel, movement of people and goods, work from home arrangements and temporary closure of businesses. The situation is continually evolving and may cause significant measurement uncertainty in the financial statements of future periods.

**PATHWAY COMMUNITY CHURCH WINKLER INC.**  
**Notes to the Unaudited Financial Statements**  
**For the year ended August 31, 2021**

*Issued for discussion  
on October 18, 2021*

**3. RESTRICTED CASH**

	2021	2020
Deferred contributions	\$ 7,705	\$ 10,965
Building fund	936,646	1,109,236
Building fund accrued interest	-	8,134
	<b>\$ 944,351</b>	<b>\$ 1,128,335</b>

**4. CAPITAL ASSETS**

	Cost	Accumulated Amortization	Net 2021	Net 2020
Buildings	\$ 163,672	\$ 3,273	\$ 160,399	\$ -
Furniture and fixtures	45,664	21,310	24,354	20,362
Leasehold improvements	21,041	14,729	6,312	10,521
Computer hardware	15,348	10,020	5,328	2,098
	245,725	49,332	196,393	32,981
Land	31,176	-	31,176	-
	<b>\$ 276,901</b>	<b>\$ 49,332</b>	<b>\$ 227,569</b>	<b>\$ 32,981</b>

**5. INVESTMENTS**

	2021	2020
Winkler Consumers Co-op Ltd. equity	\$ 1,026	\$ 968

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**PATHWAY COMMUNITY CHURCH WINKLER INC.**  
**Notes to the Unaudited Financial Statements**  
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**6. DEFERRED CONTRIBUTIONS**

Deferred contributions represents the unrecognized portion of externally restricted contributions for various projects. The change in the balance of deferred contributions for the period is as follows:

	<b>2021</b>	<b>2020</b>
Benevolence fund:		
Opening	\$ 3,260	\$ 6,284
Add: Contributions received	6,540	4,565
Less: Contributions recognized	(9,800)	(7,589)
Closing	-	3,260
Building fund:		
Opening	7,705	6,775
Add: Contributions received	-	930
Closing	7,705	7,705
	\$ 7,705	\$ 10,965

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