

Riverwood Church Community Inc.
Financial Statements
December 31, 2023

Independent Auditor's Report

To the Members of Riverwood Church Community Inc.:

Qualified Opinion

We have audited the financial statements of Riverwood Church Community Inc. (the "Church"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, 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, 2023, 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 donation revenue was limited to the amounts recorded in the records of the Church and we were not able to determine whether any adjustments might be necessary to donation revenue, current assets or 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.

Other Matter – Basis of Accounting and Restriction on Distribution or Use

Without modifying our opinion, we draw attention to Note 2, which describes the basis of accounting. The financial statements have been prepared by management to comply with the mortgage agreement dated April 12, 2021 between Riverwood Church Community Inc. and Canada Mortgage and Housing Corporation (C.M.H.C.). As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Members of Riverwood Church Community Inc. and C.M.H.C. and should not be used by parties other than the Members of Riverwood Church Community Inc. or C.M.H.C.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

MNP LLP

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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.

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

March 27, 2024

MNP LLP

Chartered Professional Accountants

Riverwood Church Community Inc.
Statement of Financial Position

As at December 31, 2023

	<i>General Fund</i>	<i>Eswatini Fund</i>	<i>Capital Fund</i>	<i>Refugee Collective Fund</i>	<i>Community Fund</i>	<i>Riverwood House Fund</i>	2023	2022
Assets								
Current								
Cash (Note 3)	1,388,855	-	-	-	-	349,348	1,738,203	1,806,071
Restricted cash for replacement reserve (Note 16)	-	-	-	-	-	11,356	11,356	9,310
Accounts receivable	2,227	-	-	-	-	160,271	162,498	112,054
GST receivable	6,062	-	-	-	-	1,430	7,492	17,528
Prepaid expenses and deposits	29,903	-	-	-	-	18,016	47,919	40,888
Due from (to) Funds	(143,616)	105,445	10,893	52,678	14,578	(39,978)	-	-
Current portion of long-term investments (Note 4)	-	-	-	-	-	200,000	200,000	-
	1,283,431	105,445	10,893	52,678	14,578	700,443	2,167,468	1,985,851
Investments (Note 4)	-	-	-	-	-	1,500,000	1,500,000	1,000,000
Capital assets (Note 5)	4,911,495	-	-	-	-	8,087,752	12,999,247	13,143,231
Construction in progress (Note 6)	2,224	-	-	-	-	-	2,224	2,224
	6,197,150	105,445	10,893	52,678	14,578	10,288,195	16,668,939	16,131,306

Continued on next page

The accompanying notes are an integral part of these financial statements

Riverwood Church Community Inc.
Statement of Financial Position

As at December 31, 2023

	<i>General Fund</i>	<i>Eswatini Fund</i>	<i>Capital Fund</i>	<i>Refugee Collective Fund</i>	<i>Community Fund</i>	<i>Riverwood House Fund</i>	2023	2022
Liabilities								
Current								
Accounts payable and accruals <i>(Note 7)</i>	171,500	-	-	-	-	30,177	201,677	174,991
Deferred contributions	11,864	-	-	-	-	-	11,864	-
Deferred rental income	-	-	-	-	-	5,700	5,700	-
Current portion of term loan due on demand <i>(Note 8)</i>	21,774	-	-	-	-	-	21,774	27,647
Current portion of long-term debt <i>(Note 9)</i>	-	-	-	-	-	427,575	427,575	406,591
	205,138	-	-	-	-	463,452	668,590	609,229
Term loan due on demand <i>(Note 8)</i>	965,295	-	-	-	-	-	965,295	982,565
	1,170,433	-	-	-	-	463,452	1,633,885	1,591,794
Long-term debt <i>(Note 9)</i>	-	-	-	-	-	4,935,999	4,935,999	5,225,777
Deferred portion of interest-free loans <i>(Note 10)</i>	-	-	-	-	-	340,607	340,607	397,446
	1,170,433	-	-	-	-	5,740,058	6,910,491	7,215,017
Net Assets								
Unrestricted	728,081	-	-	-	-	2,054,211	2,782,292	2,330,130
Invested in long-lived assets <i>(Note 11)</i>	3,926,651	-	-	-	-	2,383,570	6,310,221	6,105,429
Internally restricted <i>(Note 12) (Note 13)</i>	371,985	-	-	-	-	99,000	470,985	334,297
Externally restricted	-	105,445	10,893	52,678	14,578	-	183,594	137,123
Replacement reserve <i>(Note 16)</i>	-	-	-	-	-	11,356	11,356	9,310
	5,026,717	105,445	10,893	52,678	14,578	4,548,137	9,758,448	8,916,289
	6,197,150	105,445	10,893	52,678	14,578	10,288,195	16,668,939	16,131,306

Approved on behalf of the Board of Elders

"Signed by Jay Biber"
Elder

"Signed by Carrie Fruehm"
Elder

The accompanying notes are an integral part of these financial statements

Riverwood Church Community Inc.
Statement of Operations

For the year ended December 31, 2023

	<i>General Fund</i>	<i>Eswatini Fund</i>	<i>Capital Fund</i>	<i>Refugee Collective Fund</i>	<i>Community Fund</i>	<i>Riverwood House Fund</i>	2023	2022
Revenue								
Donations	2,166,746	148,272	4,430	14,000	7,303	315,442	2,656,193	2,600,646
Government assistance	34,636	-	-	-	1,775	441,834	478,245	166,567
Interest	35,185	-	-	-	-	382,601	417,786	92,176
Other	138,606	1,076	-	-	-	31,449	171,131	68,774
Canada Manitoba Housing Benefit (CMHB)	-	-	-	-	-	104,667	104,667	33,917
Manitoba employment and income assistance (EIA)	-	-	-	-	-	63,427	63,427	19,640
Rental income	-	-	-	-	-	62,255	62,255	-
	2,375,173	149,348	4,430	14,000	9,078	1,401,675	3,953,704	2,981,720
Expenses								
Administrative	153,229	-	-	-	-	34,758	187,987	141,282
Allocation to Replacement reserve	-	-	-	-	-	2,046	2,046	9,310
Amortization	191,914	-	-	-	-	20,800	212,714	179,709
Bad debts	-	-	-	-	-	1,687	1,687	-
Compensation	1,298,209	-	-	-	-	309,068	1,607,277	1,392,071
Contracted services	-	-	-	-	-	-	-	4,774
Facilities	181,083	-	-	-	-	167,785	348,868	361,920
Interest	73,876	-	-	-	-	45,985	119,861	59,333
Missions	64,050	96,596	-	15,280	-	-	175,926	131,235
Programming	270,357	-	-	-	-	102,116	372,473	164,004
Weekend services	89,062	-	-	-	-	-	89,062	68,268
	2,321,780	96,596	-	15,280	-	684,245	3,117,901	2,511,906
Excess (deficiency) of revenue over expenses before other items	53,393	52,752	4,430	(1,280)	9,078	717,430	835,803	469,814

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The accompanying notes are an integral part of these financial statements

Riverwood Church Community Inc.
Statement of Operations

For the year ended December 31, 2023

	<i>General Fund</i>	<i>Eswatini Fund</i>	<i>Capital Fund</i>	<i>Refugee Collective Fund</i>	<i>Community Fund</i>	<i>Riverwood House Fund</i>	2023	2022
Excess (deficiency) of revenue over expenses before other items <i>(Continued from previous page)</i>	53,393	52,752	4,430	(1,280)	9,078	717,430	835,803	469,814
Other items								
Foreign exchange gain	441	-	-	-	-	-	441	1,985
Gain (loss) on disposal of capital assets	-	-	-	-	-	-	-	(770)
Insurance proceeds	-	-	-	-	-	3,869	3,869	64,455
	441	-	-	-	-	3,869	4,310	65,670
Excess (deficiency) of revenue over expenses	53,834	52,752	4,430	(1,280)	9,078	721,299	840,113	535,484

The accompanying notes are an integral part of these financial statements

Riverwood Church Community Inc.
Statement of Changes in Net Assets

For the year ended December 31, 2023

	<i>General Fund</i>	<i>Eswatini Fund</i>	<i>Capital Fund</i>	<i>Refugee Collective Fund</i>	<i>Community Fund</i>	<i>Riverwood House Fund</i>	2023	2022
Net assets, beginning of year	4,954,374	69,202	6,463	53,958	7,500	3,824,792	8,916,289	8,371,495
Excess (deficiency) of revenue over expenses	53,834	52,752	4,430	(1,280)	9,078	721,299	840,113	535,484
Transfers (Note 15)	18,509	(16,509)	-	-	(2,000)	-	-	-
Allocation to replacement reserve (Note 16)	-	-	-	-	-	2,046	2,046	9,310
Net assets, end of year	5,026,717	105,445	10,893	52,678	14,578	4,548,137	9,758,448	8,916,289

The accompanying notes are an integral part of these financial statements

Riverwood Church Community Inc.

Statement of Cash Flows

For the year ended December 31, 2023

	2023	2022
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	840,113	535,484
Amortization	212,714	179,709
Loss (gain) on disposal of capital assets	-	770
Allocation to Replacement reserve	2,046	9,310
Implied interest apportioned to revenue	(64,795)	(27,010)
Forgiveness of long term debt	(240,838)	-
	749,240	698,263
Changes in working capital accounts		
Accounts receivable	(50,444)	(111,518)
GST receivable	10,036	54,928
Prepaid expenses and deposits	(7,031)	(11,157)
Accounts payable and accruals	26,686	(452,857)
Deferred contributions	11,864	-
Deferred rental income	5,700	-
	746,051	177,659
Financing		
Advances of long-term debt	-	1,350,498
Repayment of long-term debt	(20,000)	(20,000)
Repayment of term loan due on demand	(23,143)	(51,819)
	(43,143)	1,278,679
Investing		
Purchase of capital assets	(68,730)	(156,113)
Proceeds on disposal of capital assets	-	84
Purchase of investments	(700,000)	(1,000,000)
Additions to construction in progress	-	(1,495,492)
Allocation to replacement reserve	(2,046)	(9,310)
	(770,776)	(2,660,831)
Decrease in cash resources	(67,868)	(1,204,493)
Cash resources, beginning of year	1,806,071	3,010,564
Cash resources, end of year	1,738,203	1,806,071

The accompanying notes are an integral part of these financial statements financial statements

Riverwood Church Community Inc.

Notes to the Financial Statements

For the year ended December 31, 2023

1. Incorporation and nature of the organization

The purpose of Riverwood Church Community Inc. (the "Church") is to advance and spread the gospel. Its mission is to reach, teach, and equip people to know, love and serve Jesus Christ. Its objective is the local environment of Winnipeg, Manitoba, as well as other parts of the country and the world, which it targets through its various missions funds. The Church also attempts to respond to the material needs of the surrounding community.

The Church is incorporated without share capital as a non-profit organization under the name of Riverwood Church Community Inc. and operates under the name of Riverwood Church Community. It is a registered charity and is exempt from income taxes under the Income Tax Act of Canada.

2. Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, except that:

- (a) Amortization is not provided on the building purchased from loans recognized by C.M.H.C. over the estimated useful lives of these assets but rather at a rate equal to the annual principal reduction of the mortgage;
- (b) Capital assets purchased from accumulated surplus are charged to operations in the year the expenditure is incurred, and those purchased from the replacement reserve are charged against the replacement reserve account rather than being capitalized on the statement of financial position and amortized over their estimated useful lives; and
- (c) A reserve for future capital replacement is appropriated annually from operations.

Operating agreement

The Church has a rental property that is eligible for mortgage assistance from C.M.H.C. subject to the provisions outlined in the operating agreement with C.M.H.C. This assistance will continue to be provided annually as long as the Church complies with the terms of the agreement.

Cash

Cash includes balances with banks. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

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 following rates intended to amortize the cost of assets over their estimated useful lives with the exception of the rental property eligible for mortgage assistance from C.M.H.C. Amortization is recognized over the estimated useful lives of these assets at a rate equal to the annual principal reduction of the mortgage.

Buildings	40 years
Automotive	5 years
Equipment	5 years

Construction in progress

Construction in progress currently underway are building renovation projects to repurpose a meeting area to include a cafe. Once projects are complete they will be added to the building cost and amortized using the rate noted above.

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

Long-lived assets

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

The Church writes down long-lived assets held for use when conditions indicate that the asset no longer contributes to the Church's ability to provide goods and services. The asset are also written-down when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Church determines that a long-lived asset is impaired, its carrying amount is written down to the asset's fair value.

Restricted reserves

The Replacement Reserve account is funded by an annual charge against earnings as opposed to an appropriation of surplus.

Due from (to) funds

The Church maintains six funds for accounting purposes. Due from (to) funds accounts for the difference between the net asset balances in each fund and the underlying assets and liabilities attributable to each fund.

Fund accounting

The Church follows the restricted fund method of accounting for contributions and maintains the following funds:

1. The General Fund reports on the Church's ministry and administrative activities, it also includes funds invested in long-lived assets.
2. The Eswatini Fund reports on the support of children and their communities in Eswatini, Africa.
3. The Capital Fund reports on the raising and disbursement of funds for capital purchases and improvements.
4. The Refugee Collective Fund reports on the support of the ongoing efforts to assist refugee families coming into Canada.
5. The Community Fund reports on the raising and disbursement of funds designated for local community outreach.
6. The Riverwood House Fund reports on the operation of a supportive housing complex.

Revenue recognition

The Church uses the restricted fund method of accounting for donations. Restricted donations related to a specified fund are recognized as revenue in that particular fund in the year in which the donation is received. All other restricted donations are recognized as revenue of the General Fund when the funds have been spent on qualifying expenses.

Unrestricted donations are recognized as revenue of the General Fund in the year received.

Interest and other revenue is recognized as revenue when receivable and collection is reasonably assured.

Revenue from housing charges is recognized when earned in accordance with the rental contract and when 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.

Contributed materials

Contributions of materials are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials are used in the normal course of the Church's operations and would otherwise have been purchased. Volunteer services are not recognized in these financial statements due to the inability to reasonably estimate its fair value.

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

Accounts receivable and GST receivable are stated after evaluation as to its collectability and an appropriate allowance for doubtful accounts where considered necessary. With the exception of the building purchased using C.M.H.C. funding, amortization is based on the estimated useful lives of capital assets.

The deferred portion on interest free loans accounts for the balance the loan would have been stated at if it were interest bearing. The deferred portion of the interest free loan is amortized over the life of the loan by the portion of interest the loan would have incurred during the year. Deferred contributions are recorded based on management's analysis of the extent to which eligibility requirements have been met to recognize those contributions.

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

Financial instruments

The Church recognizes financial instruments when the Church becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments acquired in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Church may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Church has not made such an election during the year.

The Church subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Church's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess (deficiency) of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment

The Church assesses impairment of all its financial assets measured at cost or amortized cost. The Church groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group. Management considers whether the issuer is having significant financial difficulty or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Church determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

With the exception of related party debt instruments and related party equity instruments initially measured at cost, the Church reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

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

For related party debt instruments initially measured at cost, the Church reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party equity instruments initially measured at cost, the Church reduces the carrying amount of the asset (or group of assets), to the amount that could be realized by selling the asset(s) at the statement of financial position date.

Any impairment, which is not considered temporary, is included in current year excess (deficiency) of revenue over expenses.

The Church reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess (deficiency) of revenue over expenses in the year the reversal occurs.

3. Cash

The Church has an available line of credit to a maximum of \$15,000 (2022 - \$15,000), bearing interest at 7.20% (2022 - 6.45%), secured by buildings and a general security agreement. The line of credit balance at December 31, 2023 was \$nil (2022 - \$nil).

The Church also has an available line of credit for Riverwood House Project to a maximum of \$300,000 (2022 - \$300,000), bearing interest at 7.95% (2022 - 6.95%), secured by buildings and a general security agreement. The line of credit balance at December 31, 2023 was \$nil (2022 - \$nil).

4. Investments

The Church holds the following Guaranteed Investment Certificates: \$1,000,000 (2022 - \$1,000,000) that is earning interest at a rate of 5.10% (2022 - 5.10%) per annum, maturing July 2027; \$200,000 that is earning interest at a rate of 4.85%, maturing January 2025; \$200,000 that is earning interest at a rate of 4.75%, maturing January 2024; and \$300,000 that is earning interest at a rate of 5.60%, maturing November 2025.

Riverwood Church Community Inc.
Notes to the Financial Statements
For the year ended December 31, 2023

5. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2023 Net book value</i>
Land	1,154,018	-	1,154,018
Buildings	13,027,636	1,425,023	11,602,613
Automotive	14,000	6,300	7,700
Equipment	684,561	449,645	234,916
	14,880,215	1,880,968	12,999,247
	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2022 Net book value</i>
Land	1,154,018	-	1,154,018
Buildings	13,027,636	1,284,506	11,743,130
Automotive	14,000	4,100	9,900
Equipment	615,831	379,648	236,183
	14,811,485	1,668,254	13,143,231

6. Construction in progress

	<i>2023</i>	<i>2022</i>
Buildings - General Fund	2,224	2,224

7. Accounts payable and accruals

	<i>2023</i>	<i>2022</i>
Trade accounts payable	33,897	33,891
Accrued liabilities	9,100	4,000
Credit card payable	58,294	44,799
Salary and benefits accrual	37,476	30,961
Vacation accrual	54,289	54,288
Source deductions payable	8,621	7,052
	201,677	174,991

Riverwood Church Community Inc.
Notes to the Financial Statements
For the year ended December 31, 2023

8. Term loan due on demand

	2023	2022
Access Credit Union demand loan repayable in monthly payments of \$8,085 including interest, maturing June 2041, bearing interest at prime plus \$0.60% (rate at year-end of 7.70%; 2022 - 6.95%), secured by buildings and a general security agreement.	987,069	1,010,212
Less: current portion	(21,774)	(27,647)
	965,295	982,565

Principal repayments on term loan due on demand, assuming demand is not made, are estimated as follows:

2024	21,774
2025	23,511
2026	25,386
2027	27,411
2028	31,666
	129,748

9. Long-term debt

	2023	2022
Private loan repayable in annual payments of \$20,000 non-interest bearing, maturing April 2025. Subsequent to May 1, 2025 any loan balance remaining will bear interest at 4.0%, secured by a general security agreement.	40,000	60,000
CMHC loan bearing interest at 1.72% per annum payable in monthly instalments (yet to be determined) subsequent to meeting the stabilization requirements, secured by a general security agreement.	2,473,060	2,473,060
CMHC forgivable loan for Riverwood Housing Project, recorded at fair value as noted below, non-interest bearing, forgivable over 20 year term based on meeting certain requirements. Total amount received of \$2,524,314.	2,108,822	2,159,963
MHRC forgivable mortgage for Riverwood Housing Project, recorded at fair value as noted below, non-interest bearing, forgivable monthly over a 48 month period from the term following final holdback release based on meeting certain requirements, secured by unexpended contribution received from Shared Health Inc.	741,692	939,345
	5,363,574	5,632,368
Less: current portion	427,575	406,591
	4,935,999	5,225,777

Riverwood Church Community Inc.
Notes to the Financial Statements
For the year ended December 31, 2023

9. Long-term debt (Continued from previous page)

Principal repayments on long term debt, including debt forgiveness, are estimated as follows:

2024	427,575
2025	428,120
2026	400,365
2027	159,236
2028	3,948,278
	5,363,574

The CMHC non-interest bearing forgivable loan and the MHRC non-interest bearing forgivable mortgage are presented at their estimated fair value when received as the cash consideration received during the year is not stated in the same manner that a loan bearing an interest rate would have been presented. Information on the interest portion of the loans that have been deferred and will be subsequently amortized over the length of the terms is presented in Note 10. The CMHC and MHRC loans are being forgiven as management has complied with specific requirements through the terms of the agreement.

The forgivable principal payments are included in interest revenue on the statement of operations.

10. Deferred portion of interest-free loans

The Church received an interest-free loan and an interest free mortgage in 2021. Below is the portion of interest that the loan would have incurred throughout the length of the term, calculated at a rate of 1.72% on the C.M.H.C loan, which is the same rate as the repayable C.M.H.C loan and 2.95% rate on the initial MHRC loan, which is the same rate as the term loan due on demand at the time the funds were advanced. In 2022, the Church received additional funds from MHRC where the deferred portion was calculated using 6.95%, which is the same rate as the term loan due on demand at the onset of the loan. The Church will amortize the interest portion of the C.M.H.C loan over the 20 year period the loan will be forgiven and the MHRC mortgage over the 4 year period the mortgage will be forgiven.

The implied interest apportioned to income is included in interest revenue on the statement of operations.

	2023	2022
CMHC		
Balance, beginning of year	346,223	388,395
Implied interest	1,230	-
Capitalized interest	-	(24,594)
Implied interest apportioned to income	(35,334)	(17,578)
Balance, end of year	312,119	346,223
MHRC		
Balance, beginning of year	51,223	74,648
Implied interest	6,727	12,915
Capitalized interest	-	(26,908)
Implied interest apportioned to income	(29,462)	(9,432)
Balance, end of year	28,488	51,223
	340,607	397,446

Riverwood Church Community Inc.
Notes to the Financial Statements
For the year ended December 31, 2023

11. Invested in long-lived assets

	2023	2022
Balance, beginning of year	6,105,429	5,886,056
Increase in construction in progress	-	1,495,492
Purchases of capital assets	68,730	156,113
Gain (loss) on disposal of capital assets	-	(770)
Proceeds on disposal of capital assets	-	(84)
Amortization	(212,714)	(179,709)
Advances of long term debt	-	(1,350,498)
Forgiveness of long term debt	240,838	-
Repayments of demand loan payable	23,143	51,819
Repayments of long term debt	20,000	20,000
Implied interest apportioned to revenue	64,795	27,010
Balance, end of year	6,310,221	6,105,429

12. General Fund internally restricted funds

Internally restricted funds are comprised of:

	Operational	Emergency	Capital	2023	2022
Balance, beginning of year	103,979	94,026	136,292	334,297	442,390
Funds added	31,871	3,124	64,188	99,183	86,527
Funds utilized	-	-	(61,495)	(61,495)	(194,620)
Balance, end of year	135,850	97,150	138,985	371,985	334,297

Operational funds are intended to cover any deficits throughout the year as giving lessens during summer months. Emergency funds are intended for use in case of an emergency which are to be used as required before insurance proceeds. Capital funds are intended for capital purchases greater than \$1,000.

13. Riverwood House Fund internally restricted funds

Internally restricted funds are comprised of:

	Operational	Emergency	Capital	2023	2022
Funds added	33,000	33,000	33,000	99,000	-
Balance, end of year	33,000	33,000	33,000	99,000	-

Operational funds are intended to cover any deficits throughout the year should they occur. Emergency funds are intended for use in case of an emergency which are to be used as required before insurance proceeds. Capital funds are intended for capital purchases greater than \$1,000.

Riverwood Church Community Inc.
Notes to the Financial Statements
For the year ended December 31, 2023

14. Government assistance

During the year, the Church qualified for and received a total of \$478,245 (2022 - \$166,567) in government assistance, which consists of the following:

Urban and Hometown Green Team Grants	\$34,636 (2022 - \$15,809)
Canada Summer Jobs Grants	\$nil (2022 - \$38,042)
Winnipeg Regional Health Authority Grant	\$388,702 (2022 - \$67,016)
City of Winnipeg Grant	\$nil (2022 - \$40,700)
Manitoba Harvest Grant	\$5,916 (2022 - \$5,000)
Canada Revenue Agency Tax Grant	\$1,775 (2022 - \$nil)
Efficiency Manitoba Inc.	\$47,216 (2022 - \$nil)

These amounts have been reflected in these financial statements as government assistance on the statement of operations.

15. Interfund transfers

During the year, the Board of Elders approved the transfer of \$2,000 from the Community Fund to the General Fund to help cover the annual Kidz Club budget and \$16,509 from the Eswatini Fund to the General Fund for the "One Brick at a Time" initiative.

16. Replacement reserve

The Replacement reserve account is funded by an annual charge against earnings as opposed to an appropriation of accumulated surplus. Expenditures are charged directly against the reserve.

Under the terms of the agreement with C.M.H.C., the replacement reserve account was credited in the amount of \$2,046 (2022 - \$9,310). The annual credit will be adjusted using 4% of Effective Gross Income generated from both residential and commercial units of the rental property. This reserve must be maintained in accounts or securities guaranteed or insured by the Government of Canada or a province of Canada, or by a Canada Deposit Insurance Corporation or other agency recognized by C.M.H.C. The reserve shall be used for its intended purpose, except that it may be subject to all claims of the mortgagee and C.M.H.C. under the index linked mortgage.

	2023	2022
Balance, beginning of year	9,310	-
Allocation for the year	2,046	9,310
Utilized during the year	-	-
	11,356	9,310

17. 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, 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 risk on its demand loan payable and long-term debt.

The long-term debt payable bears interest at a rate that is fixed which mitigates the exposure of interest rate risk; while the demand loan payable bears interest at a rate that is variable. A 1% change in interest rates could increase interest expense on the demand loan by approximately \$9,871 (2022 - \$10,361).

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Church receives some donations denominated in US currency for which the related revenues are subject to exchange rate fluctuations. As at December 31, 2023, the following items are denominated in US currency:

	2023	2022
	CAD\$	CAD\$
Cash	9,945	7,585
