

GBCANADA USA DBA ASSIST CHURCH EXPANSION

FINANCIAL STATEMENTS

DECEMBER 31, 2021

**GBCANADA USA DBA ASSIST CHURCH EXPANSION
FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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Independent Auditor's Report

To the Board of Directors of
GBCanada USA dba Assist Church eXpansion

Opinion

We have audited the accompanying financial statements of GBCanada USA dba Assist Church eXpansion (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the GBCanada USA dba Assist Church eXpansion (the "Organization") as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. 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. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Ellsworth & Stout, LLC

Las Vegas, Nevada
March 28, 2022

**GBCANADA USA DBA ASSIST CHURCH EXPANSION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021**

ASSETS

Current Assets:

Cash and cash equivalents	\$	116,372
Investments		92,861
Prepaid expenses		2,741
Total Assets	\$	211,974

LIABILITIES AND NET ASSETS

Current Liabilities:

Accrued expenses	\$	21,689
Total current liabilities		21,689

Net Assets:

Without donor restrictions		176,502
With donor restrictions		13,783
Total net assets		190,285

Total Liabilities and Net Assets	\$	211,974
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See accompanying notes to the financial statements.

**GBCANADA USA DBA ASSIST CHURCH EXPANSION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

Net Assets without Donor Restrictions

Revenue and other support:

Contributions	\$ 822,636
Net assets released from donor restrictions	10,139
	<u>832,775</u>

Expenses:

Program Services	808,214
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Supporting Services:

Management and general	92,766
	<u>900,980</u>

Other income:

Net realized and unrealized gain on investments	26,120
Investment income	3,621
	<u>29,741</u>

Decrease in net assets without donor restrictions	<u>(38,464)</u>
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Net Assets with Donor Restrictions

Contributions	12,837
Net assets released from donor restrictions	(10,139)
	<u>2,698</u>

Decrease in Net Assets

(35,766)

Net Assets, Beginning of Year

226,051

Net Assets, End of Year

\$ 190,285

See accompanying notes to the financial statements.

GBCANADA USA DBA ASSIST CHURCH EXPANSION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services	Management and General	Total
Advertising	\$ -	\$ 19,990	\$ 19,990
Bank fees	-	2,047	2,047
Conferences	22,773	6,423	29,196
Insurance	1,321	372	1,693
Networking	5,923	1,671	7,594
Office expense and miscellaneous	20,728	5,846	26,574
Professional fees	9,045	2,551	11,596
Program expenses	259,734	-	259,734
Project expenses	282,248	-	282,248
Recruitment and coaching	62,800	17,713	80,513
Salaries, wages and related	106,301	25,620	131,921
Travel	37,342	10,532	47,874
	<u>\$ 808,214</u>	<u>\$ 92,766</u>	<u>\$ 900,980</u>

See accompanying notes to the financial statements.

**GBCANADA USA DBA ASSIST CHURCH EXPANSION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021**

Cash Flows from Operating Activities:

Decrease in net assets	\$ (35,766)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:	
Net realized and unrealized gain on investments	(26,120)
Changes in operating assets and liabilities:	
(Increase) decrease in prepaid expenses	2,128
Increase (decrease) in accrued expenses	10,968
Net cash used in operating activities	<u>(48,790)</u>

Cash Flows from Investing Activities:

Purchase of investments	(82,603)
Sales of investments	147,856
Net cash provided by investing activities	<u>65,253</u>

Net Change in Cash and Cash Equivalents 16,463

Cash and Cash Equivalents, Beginning of Year 99,909

Cash and Cash Equivalents, End of Year \$ 116,372

See accompanying notes to the financial statements.

**GBCANADA USA DBA ASSIST CHURCH EXPANSION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of GBCanada USA dba Assist Church eXpansion (the “Organization”) is presented to assist in understanding the Organization’s financial statements. The financial statements and notes are representations of the Organization’s management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of the Organization

The Organization is a Maryland not-for-profit entity established in March 1998. The Organization exists to catalyze new churches, sites, mergers and adoptions that will expand their movement with other churches. The Organization is a member of the Charis Fellowship which is a network of churches, campuses, and ministries in the USA and Canada who are passionate about Jesus and his teachings.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. The Organization presents a classified statement of financial position with additional qualitative information about the availability of resources and liquidity in Note 2.

The accompanying financial statements have been presented in accordance with accounting principles generally in the United States of America applicable to not-for-profit organizations, principally Account Standards Codification (ASC) 958, *Not-for-Profit-Entities*. Under ASC 958 (as amended by Accounting Standards Update (ASU) 2016-14), the Organization is required to report information regarding its financial position and changes in financial position according to two classes of net assets; net assets without donor restrictions and net assets with donor restrictions. The classification of net assets is based on the existence or absence of donor-imposed restrictions. Net assets are released by donor restriction by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other event specified by donors.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

Investments

The Organization’s investments are classified as available for sale. All of the investments of the Organization are equity securities; therefore, investment activity is recognized as other income. Realized gains and losses are determined on the basis of actual costs of the securities sold and are included in other income.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions.

Contributions may be considered conditional or non-conditional. A conditional contract exists if a) one or more barrier exists and b) the right to receive or retain payment or delivery of the promised asset depends on meeting those barriers. In cases of ambiguous donor stipulations or stipulations that are not clearly unconditional are presumed to be conditional. Conditional contributions are recognized when conditions have been substantially met or waived by the donor. Non-conditional contributions are recognized when received or right to receive is obtained through documentation.

Contributed Goods and Services

Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received.

In addition, unpaid volunteers donated their time to the Organization. The value of such services has not been reflected in the financial statements since the volunteers' time does not meet the criteria for recognition as contributed services.

Allocation Methodology

The statement of functional expenses presents expenditures by both their nature and their function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. All expenses are allocated based on management's estimate of time and effort, except for advertising and bank fees which are fully allocated to management and general. Program and project expenses are fully allocated to program services.

Income Taxes

The Organization is exempt from federal and state income taxes under Internal Revenue Code (IRC) section 501(c)(3). In addition, the Organization qualifies for the charitable contributions deduction under IRC section 170(b)(1)(a)(vi) and has been classified as an organization other than a private foundation under IRC section 509(a)(1).

No provision or liability for materially uncertain tax positions was deemed necessary by management. Therefore, no provision or liability for uncertain tax positions has been included in these financial statements.

As of December 31, 2021, the tax years that remain subject to potential examination by taxing authorities begin with 2018.

Advertising

Advertising costs are expensed as incurred. Advertising expense for the year ended December 31, 2021 was \$19,990.

**GBCANADA USA DBA ASSIST CHURCH EXPANSION
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021**

NOTE 2 – LIQUIDITY AND AVAILABILITY

The Organization has \$195,450 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of \$102,589 of cash and cash equivalents and \$92,861 of investments in a self-brokerage account. Contractual or donor-imposed restrictions are not available for general expenditure. As part of the Organization’s liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 3 – RELATED PARTIES

The Organization is a member of the Fellowship of Grace Brethren Churches, Inc., dba Charis Fellowship (the “Fellowship”). The Fellowship is a network of churches, campuses and ministries in the USA and Canada. The Fellowship is a member of the global Charis Alliance with over 3,000 churches in more than 25 countries.

Grace Brethren Investment Foundation, Inc. (the “Foundation”) is related to the Organization through common interest. The primary purpose of the Foundation is to loan to affiliates of the Fellowship, including churches and affiliated organizations, for buildings, remodeling and expansion. Financing for these projects is provided by offering demand investments to those affiliated organizations and their members. As of December 31, 2021, the Organization had \$37,585 of demand investments, located in cash and cash equivalents on the statement of financial position, with the Foundation.

Additionally, the Foundation distributes surplus funds within the Fellowship as goodwill donations. For the year ended December 31, 2021, the Organization received approximately \$265,000 of contributions from the Foundation and paid the Foundation approximately \$88,000 on behalf of another church who held a loan with the Foundation.

Grace Fellowship Canada dba Assist Canada (“Assist Canada”) is related to the Organization through common interest. The Organization contributes to Assist Canada to support church planting programs and help with organizational growth in Canada. For the year ending December 31, 2021, the Organization contributed approximately \$150,000 to Assist Canada.

NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors. As of December 31, 2021, net assets with donor restrictions are restricted for the following purposes:

Subject to expenditure for specified purpose

and/or passage of time:

Tampa, FL Project	\$ 11,060
Villas, FL Project	1,777
Lakeland, FL Project	946
	<u>\$ 13,783</u>

**GBCANADA USA DBA ASSIST CHURCH EXPANSION
 NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
 DECEMBER 31, 2021**

NOTE 5 – FAIR MARKET MEASUREMENT

The Organization measures certain financial assets at fair value on a recurring basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. Fair value disclosures are reflected in a three-level hierarchy, maximizing the use of observable inputs and minimizing the use of unobservable inputs.

The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels are defined as follows:

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for an identical asset or liability in an active market.

Level 2 – inputs to the valuation methodology include quoted prices for a similar asset or liability in an active market or model-derived valuations in which all significant inputs are observable for substantially the full term of the asset or liability.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement of the asset or liability.

As of December 31, 2021, fair values of assets consisted of the following:

	<u>Total</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
<u>Recurring fair value measurements:</u>				
Equity securities	\$ 92,861	\$ 92,861	\$ -	\$ -
	<u>\$ 92,861</u>	<u>\$ 92,861</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 6 – RISKS AND UNCERTAINTIES

Management is currently responding to the existing effects of the global pandemic and planning for the potential future effects that the pandemic may have on the Organization’s operations, including the overall health of the economy and consumer spending. At the current time, management is unable to quantify the potential effects of this pandemic on the Organization’s future financial statements.

NOTE 7 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 28, 2022, which is the date the financial statements were available to be issued.