

**KING'S VIEW COMMUNITY CHURCH**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

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## INDEPENDENT AUDITORS' REPORT

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To the Directors of  
King's View Community Church:

### *Qualified Opinion*

We have audited the financial statements of King's View Community Church, which comprise the statement of financial position as at December 31, 2021, 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 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 Organization as at December 31, 2021, and its financial performance 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 Organization derives revenue from donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenues, excess of revenue over expenses, and cash flows from operations for the years ended December 31, 2021 and 2020, current assets as at December 31, 2021 and 2020 and net assets as at January 1 and December 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended December 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

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 Organization 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

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## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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### *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 Organization'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 Organization'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 Organization 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.

*Taylor Leibow LLP*

**CHARTERED PROFESSIONAL ACCOUNTANTS**  
**Licensed Public Accountants**

Hamilton, Ontario  
March 22, 2022

**KING'S VIEW COMMUNITY CHURCH**  
**STATEMENT OF FINANCIAL POSITION**

*As at December 31*

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>		
CURRENT		
Cash	<b>269,960</b>	200,774
HST receivable	<b>6,943</b>	7,410
Prepaid expenses	<b>4,266</b>	2,758
	<b>281,169</b>	210,942
CAPITAL ASSETS <i>(Note 4)</i>	<b>334,928</b>	364,696
	<b>616,097</b>	575,638
<b>LIABILITIES</b>		
CURRENT		
Accounts payable	<b>8,796</b>	8,325
Deferred contributions	<b>180</b>	-
	<b>8,976</b>	8,325
LOAN PAYABLE <i>(Note 5)</i>	<b>40,000</b>	30,000
DEFERRED CAPITAL CONTRIBUTIONS <i>(Note 6)</i>	<b>156,551</b>	135,557
	<b>205,527</b>	173,882
<b>NET ASSETS</b>		
NET ASSETS INVESTED IN CAPITAL ASSETS <i>(Note 7)</i>	<b>178,377</b>	229,139
UNRESTRICTED NET ASSETS	<b>232,193</b>	172,617
	<b>410,570</b>	401,756
	<b>616,097</b>	575,638

*(See accompanying Notes to Financial Statements)*

**KING'S VIEW COMMUNITY CHURCH**  
**STATEMENT OF CHANGES IN NET ASSETS**

*Year ended December 31*

	Invested in Capital assets	Unrestricted	2021	2020
	\$	\$	\$	\$
NET ASSETS, BEGINNING OF YEAR	229,139	172,617	401,756	353,363
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(42,700)	51,514	8,814	48,393
INVESTMENT IN CAPITAL ASSETS <i>(Note 7)</i>	(8,062)	8,062	-	-
NET ASSETS, END OF YEAR	178,377	232,193	410,570	401,756

*(See accompanying Notes to Financial Statements)*

**KING'S VIEW COMMUNITY CHURCH**  
**STATEMENT OF OPERATIONS**

	<i>Year ended December 31</i>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>DONATION REVENUES</b>		
General	<b>512,450</b>	480,256
Building	<b>9,006</b>	14,718
Designated	<b>1,075</b>	-
Loose	<b>211</b>	1,200
Missions	<b>23,807</b>	25,982
Other income	<b>38,606</b>	22,778
Government summer student grant	<b>60,339</b>	34,019
COVID-19 government assistance <i>(Note 2 and 5)</i>	<b>39,776</b>	75,482
	<b>685,270</b>	654,435
<b>EXPENSES</b>		
Administration <i>(Schedule 1)</i>	<b>133,188</b>	124,468
Capital <i>(Schedule 1 - including amortization)</i>	<b>42,700</b>	50,467
Evangelism <i>(Schedule 2)</i>	<b>107,618</b>	90,147
Ministry <i>(Schedule 2)</i>	<b>26,607</b>	18,767
Wages and employee benefits <i>(Schedule 2)</i>	<b>366,343</b>	322,193
	<b>676,456</b>	606,042
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>8,814</b>	48,393

*(See accompanying Notes to Financial Statements)*

**KING'S VIEW COMMUNITY CHURCH**  
**STATEMENT OF CASH FLOWS**

*Year ended December 31*

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>CASH PROVIDED BY (USED IN):</b>		
OPERATING ACTIVITIES		
Excess of revenue over expenses	8,814	48,393
Item not involving cash:		
Amortization of capital assets	42,700	42,666
	<b>51,514</b>	91,059
Changes in non-cash working capital (Note 8)	<b>(390)</b>	(9,479)
	<b>51,124</b>	81,580
FINANCING ACTIVITIES		
Increase in loan payable	20,000	40,000
Forgiveness of loan payable recorded as government assistance	(10,000)	(10,000)
Increase in deferred capital contributions	20,994	35,772
	<b>30,994</b>	65,772
INVESTING ACTIVITIES		
Purchases of capital assets	(12,932)	(15,095)
INCREASE IN CASH	<b>69,186</b>	132,257
CASH, BEGINNING OF YEAR	<b>200,774</b>	68,517
CASH, END OF YEAR	<b>269,960</b>	200,774

*(See accompanying Notes to Financial Statements)*

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**KING'S VIEW COMMUNITY CHURCH**  
**NOTES TO FINANCIAL STATEMENTS**

*Year ended December 31, 2021*

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**1. PURPOSE OF THE ORGANIZATION**

The mission of King's View Community Church (the 'Organization') is to provide regular opportunities for the congregation to:

- (1) Experience God in powerful moments of worship;
- (2) Experience spiritual growth and support through meaningful relationships;
- (3) Experience God's destiny through ownership of their God-given purpose.

King's View Community Church is an unincorporated charitable organization and is exempt from income taxes.

**2. COVID-19**

The recent outbreak of the Coronavirus Disease 2019 ("COVID-19") has spread across the globe and is impacting worldwide economic activity. Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from COVID-19. The Organization continues to operate and navigate the challenges created by the pandemic. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time.

The Organization has taken steps to mitigate the impact of this crisis. To date, the Organization was eligible for grants under the Canada Emergency and Temporary Wage Subsidy programs and has received and/or applied for grants of \$95,258 for the periods from March 15, 2020 to July 31, 2021, of which \$29,776 (2020 - \$65,482) is reflected in these financial statements as Government Assistance. The Organization also received an additional \$20,000 (2020 - \$40,000) Canada Emergency Business Account loan as disclosed in Note 5.

**3. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

**FINANCIAL INSTRUMENTS***Measurement of financial instruments*

The Organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at cost less any allowance for impairment.



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**KING'S VIEW COMMUNITY CHURCH**  
**NOTES TO FINANCIAL STATEMENTS**

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*Year ended December 31, 2021*

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

FINANCIAL INSTRUMENTS (Continued)

The Organization subsequently measures its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash.

Financial liabilities measured at amortized cost include accounts payables and loan payable.

The Organization does not have any equity securities quoted in an active market and has not designated any financial asset or financial liability to be measured at fair value.

*Impairment*

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in excess of revenue over expenses. The write down reflects the difference between the carrying amount and the higher of:

- the present value of the cash flows expected to be generated by the asset or group of assets;
- the amount that could be realized by selling the assets or group of assets;
- the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in excess of revenue over expenses up to the amount of the previously recognized impairment.

**CAPITAL ASSETS AND AMORTIZATION**

Purchased capital assets are recorded at cost and contributed capital assets are recorded at fair value at the date of contribution. An impairment loss is recognized when a capital asset no longer has any long-term service potential to the Organization or its carrying amount may not be recoverable. The Organization provides for amortization using the straight line method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Building	30 years
Portable	10 years
Furniture	5 years
Instruments	5 years
Computer	5 years
Signs	5 years
Shed	5 years

**KING'S VIEW COMMUNITY CHURCH**  
**NOTES TO FINANCIAL STATEMENTS**

*Year ended December 31, 2021*

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

PENSION PLAN

Former ministers of the church are members of a multiemployer defined benefit pension plan provided by The Pension Fund (1969) of the Pentecostal Assemblies of Canada. Annual special contributions are made by the Organization as determined by the provider. An actuarial valuation as at December 31, 2019 showed total assets of \$142.5 million with funding on a solvency basis of 86.0%. The pension plan is accounted for as a defined contribution plan as sufficient information is not available on the multiemployer pension plan to account for it as a defined benefit plan.

REVENUE RECOGNITION

King's View Community 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. Restricted contributions related to capital assets are recorded as deferred contributions and are recognized as revenue on the same basis as the related capital assets are being amortized. Unrestricted contributions are recognized as revenue in the period in which they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

CONTRIBUTED SERVICES

Volunteers contribute their time during the year to carrying out its service delivery activities. However, because of the difficulty of determining the exact number of volunteer hours and their fair value, contributed services are not recognized in the financial statements.

**4. CAPITAL ASSETS**

	<b>2021</b>			<b>2020</b>
	<b>Cost</b>	<b>Accumulated</b>	<b>Net</b>	<b>Net</b>
	<b>\$</b>	<b>amortization</b>	<b>\$</b>	<b>\$</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Land	92,282	-	92,282	92,282
Building	1,048,436	831,925	216,511	239,804
Portable	39,604	23,760	15,844	19,804
Furniture	79,010	79,010	-	80
Instruments	84,967	77,348	7,619	10,159
Computer	35,641	32,969	2,672	2,567
Signs	3,105	3,105	-	-
Shed	2,797	2,797	-	-
	<b>1,385,842</b>	<b>1,050,914</b>	<b>334,928</b>	<b>364,696</b>

**KING'S VIEW COMMUNITY CHURCH**  
**NOTES TO FINANCIAL STATEMENTS**

*Year ended December 31, 2021*

**5. LOAN PAYABLE**

Canada Emergency Business Account \$60,000 (2020 - \$40,000) loan, is non-interest bearing until December 31, 2023, forgivable up to 33% if it is repaid in full by December 31, 2023, otherwise bearing interest at 5% as of January 1, 2024 with the balance due no later than December 31, 2025.

The Company will comply with the terms for forgiveness of 33% of the loan, therefore \$10,000 (2020 - \$10,000) has been recognized as government assistance during the year.

**6. DEFERRED CAPITAL CONTRIBUTIONS.**

Deferred capital contributions represent the unspent portion of the "More than Enough Campaign" contributions to be used for capital purchases, mortgage repayments and other building related expenditures and the unamortized amount of contributions spent on capital assets. The changes in deferred capital contributions balance are as follows:

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Unspent contributions:</b>		
Beginning balance	<b>68,425</b>	39,130
Add: Contributions during the year	<b>30,000</b>	50,491
Less: Amounts spent during the year:		
Recognized in revenue	-	(6,101)
Contributions received during the year restricted for capital asset purchases	<b>(11,655)</b>	(15,095)
	<b>86,770</b>	68,425
<b>Unamortized contributions spent on capital assets:</b>		
Balance, beginning of year	<b>67,132</b>	60,655
Add: contributions received during the year restricted for capital asset purchases	<b>11,655</b>	15,095
Less: amortization of deferred capital contributions	<b>(9,006)</b>	(8,618)
	<b>69,781</b>	67,132
Ending balance	<b>156,551</b>	135,557

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**KING'S VIEW COMMUNITY CHURCH**  
**NOTES TO FINANCIAL STATEMENTS**

*Year ended December 31, 2021*

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**7. NET ASSETS INVESTED IN CAPITAL ASSETS**

Net assets invested in capital assets consists of the following:

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Capital assets	<b>334,928</b>	364,696
Less deferred capital contributions	<b>(156,551)</b>	(135,557)
	<b>178,377</b>	229,139

The investment in capital assets amount on the statement of changes in net assets consists of the following:

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Net purchases of capital assets	<b>12,932</b>	15,095
Deferred capital contributions	<b>(20,994)</b>	(35,772)
	<b>(8,062)</b>	(20,677)

**8. CHANGES IN NON-CASH WORKING CAPITAL**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
HST receivable	<b>467</b>	(1,536)
Prepaid expenses	<b>(1,508)</b>	1,000
Accounts payable	<b>471</b>	(375)
Deferred contributions	<b>180</b>	(8,568)
	<b>(390)</b>	(9,479)

**9. FINANCIAL INSTRUMENTS**

**LIQUIDITY RISK**

Liquidity risk is the risk that the Organization will encounter difficulties in raising funds to meet commitments associated with financial instruments. The Organization is exposed to liquidity risk arising from the loan payable. The Organization's ability to meet obligations depends on the receipt of funds from its operating activities.

**KING'S VIEW COMMUNITY CHURCH**  
**SCHEDULE 1 - SCHEDULE OF EXPENSES**

	<i>Year ended December 31</i>	
	<b>2021</b>	<b>2020</b>
	\$	\$
<b>ADMINISTRATION</b>		
Advertising	-	1,042
Bank charges	<b>9,803</b>	8,369
Benevolent fund	<b>2,063</b>	5,379
Business and contractors expense	<b>31,967</b>	31,165
Church function expense	<b>8,363</b>	5,067
Church supplies	<b>17,750</b>	20,795
Conferences	<b>1,138</b>	3,361
Copier	<b>2,520</b>	3,549
Insurance	<b>5,233</b>	4,300
Maintenance and repairs	<b>11,193</b>	7,682
Miscellaneous	<b>4,475</b>	2,389
Office supplies	<b>11,475</b>	6,629
Printing	<b>1,629</b>	513
Professional fees	<b>8,783</b>	8,471
Telephone	<b>4,927</b>	5,868
Utilities	<b>11,869</b>	9,889
	<b>133,188</b>	124,468
<b>CAPITAL</b>		
Amortization of capital assets	<b>42,700</b>	42,666
Repairs and maintenance	-	7,801
	<b>42,700</b>	50,467

*(See accompanying Notes to Financial Statements)*

**KING'S VIEW COMMUNITY CHURCH**  
**SCHEDULE 2 - SCHEDULE OF EXPENSES**

	<i>Year ended December 31</i>	
	<b>2021</b>	<b>2020</b>
	\$	\$
<b>EVANGELISM</b>		
Bible college support	1,200	1,200
District tithes	53,818	50,526
Evangelist and pulpit honorariums	3,140	3,236
Evangelism and outreach	17,390	6,519
World and home missions	32,070	28,666
	<b>107,618</b>	<b>90,147</b>
<b>MINISTRY</b>		
Christian education	9,621	5,372
Junior high ministry	240	150
Men's ministry	-	187
Music ministry	5,221	2,073
Women's ministry	2,321	1,776
Youth ministry	9,204	9,209
	<b>26,607</b>	<b>18,767</b>
<b>WAGES AND EMPLOYEE BENEFITS</b>		
Employee benefits	44,857	42,566
House allowance	50,352	52,992
Pastoral salaries	166,970	160,161
Summer students	69,176	33,530
Support staff salaries	33,788	32,944
Travel allowance	1,200	-
	<b>366,343</b>	<b>322,193</b>

*(See accompanying Notes to Financial Statements)*