

KING'S VIEW COMMUNITY CHURCH

FINANCIAL STATEMENTS

DECEMBER 31, 2022

INDEPENDENT AUDITORS' REPORT

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, 2022, 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, 2022, 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, 2022 and 2021, current assets as at December 31, 2022 and 2021 and net assets as at January 1 and December 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended December 31, 2021 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.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Those charged with governance are responsible for overseeing the Organization'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 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 27, 2023

KING'S VIEW COMMUNITY CHURCH
STATEMENT OF FINANCIAL POSITION

As at December 31

	2022	2021
	\$	\$
ASSETS		
CURRENT		
Cash	280,344	269,960
HST receivable	8,738	6,943
Prepaid expenses	5,004	4,266
	294,086	281,169
CAPITAL ASSETS (Note 4)	299,170	334,928
	593,256	616,097
LIABILITIES		
CURRENT		
Accounts payable	8,396	8,796
Deferred contributions	-	180
Current portion of loan payable (Note 5)	40,000	-
	48,396	8,976
LOAN PAYABLE (Note 5)	-	40,000
DEFERRED CAPITAL CONTRIBUTIONS (Note 6)	180,345	156,551
	228,741	205,527
NET ASSETS		
NET ASSETS INVESTED IN CAPITAL ASSETS (Note 7)	118,825	178,377
UNRESTRICTED NET ASSETS	245,690	232,193
	364,515	410,570
	593,256	616,097

(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	2022	2021
	\$	\$	\$	\$
NET ASSETS, BEGINNING OF YEAR	178,377	232,193	410,570	401,756
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(43,135)	(2,920)	(46,055)	8,814
INVESTMENT IN CAPITAL ASSETS <i>(Note 7)</i>	(16,417)	16,417	-	-
NET ASSETS, END OF YEAR	118,825	245,690	364,515	410,570

(See accompanying Notes to Financial Statements)

KING'S VIEW COMMUNITY CHURCH
STATEMENT OF OPERATIONS

Year ended December 31

	2022	2021
	\$	\$
REVENUES		
General	575,396	512,450
Building	9,006	9,006
Designated	10,366	1,075
Loose	618	211
Missions	21,016	23,807
Camps and bible school	54,530	31,445
Youth ministries	13,416	1,550
Other income	3,200	5,610
Government summer student grant	-	60,339
COVID-19 government assistance <i>(Notes 2 and 5)</i>	-	39,776
	687,548	685,269
EXPENSES		
Administration <i>(Schedule 1)</i>	179,411	133,187
Capital <i>(Schedule 1 - including amortization)</i>	44,501	42,700
Evangelism <i>(Schedule 2)</i>	122,243	107,618
Ministry <i>(Schedule 2)</i>	50,219	26,607
Wages and employee benefits <i>(Schedule 2)</i>	337,229	366,343
	733,603	676,455
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(46,055)	8,814

(See accompanying Notes to Financial Statements)

KING'S VIEW COMMUNITY CHURCH
STATEMENT OF CASH FLOWS

Year ended December 31

	2022	2021
	\$	\$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	(46,055)	8,814
Item not involving cash:		
Amortization of capital assets	43,135	42,700
	(2,920)	51,514
Changes in non-cash working capital <i>(Note 8)</i>	(3,113)	(390)
	(6,033)	51,124
FINANCING ACTIVITIES		
Increase in loan payable	-	20,000
Forgiveness of loan payable recorded as government assistance	-	(10,000)
Increase in deferred capital contributions	23,794	20,994
	23,794	30,994
INVESTING ACTIVITIES		
Purchases of capital assets	(7,377)	(12,932)
INCREASE IN CASH	10,384	69,186
CASH, BEGINNING OF YEAR	269,960	200,774
CASH, END OF YEAR	280,344	269,960

(See accompanying Notes to Financial Statements)

KING'S VIEW COMMUNITY CHURCH
NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2022

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 GOVERNMENT ASSISTANCE

To date, the Organization was eligible for grants under the Canada Emergency and Temporary Wage Subsidy programs and has received grants of \$95,258 for the periods from March 15, 2020 to July 31, 2021, of which \$NIL (2021 - \$29,776) is reflected in these financial statements as Government Assistance. The Organization also received an additional \$NIL (2021 - \$20,000) 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.

KING'S VIEW COMMUNITY CHURCH
NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2022

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, 2022

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, 2021 showed total assets of \$162.3 million (2020 - \$149.4 million) with funding on a solvency basis of 87.8% (2020 - 85.6%). 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.

Camp and Bible School registration fees and youth ministry activity fees are recognized as revenue as the events are held.

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

	2022		2021	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Land	92,282	-	92,282	92,282
Building	1,048,436	866,874	181,562	216,511
Portable	39,604	27,720	11,884	15,844
Furniture	79,010	79,010	-	-
Instruments	84,967	79,888	5,079	7,619
Computer	43,018	34,655	8,363	2,672
Signs	3,105	3,105	-	-
Shed	2,797	2,797	-	-
	1,393,219	1,094,049	299,170	334,928

KING'S VIEW COMMUNITY CHURCH
NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2022

5. LOAN PAYABLE

Canada Emergency Business Account \$60,000 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 \$20,000 has been recognized as government assistance in prior years (2021 - \$10,000; 2020 - \$10,000).

6. DEFERRED CAPITAL CONTRIBUTIONS.

Deferred capital contributions represent the unspent portion of the capital building campaigns 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:

	2022	2021
	\$	\$
Unspent contributions:		
Beginning balance	86,770	68,425
Add: Contributions during the year	32,800	30,000
Less: Amounts spent during the year:		
Recognized in revenue	-	-
Contributions received during the year restricted for capital asset purchases	-	(11,655)
	119,570	86,770
Unamortized contributions spent on capital assets:		
Balance, beginning of year	69,781	67,132
Add: contributions received during the year restricted for capital asset purchases	-	11,655
Less: amortization of deferred capital contributions	(9,006)	(9,006)
	60,775	69,781
Ending balance	180,345	156,551

KING'S VIEW COMMUNITY CHURCH
NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2022

7. NET ASSETS INVESTED IN CAPITAL ASSETS

Net assets invested in capital assets consists of the following:

	2022	2021
	\$	\$
Capital assets	299,170	334,928
Less deferred capital contributions	(180,345)	(156,551)
	118,825	178,377

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

	2022	2021
	\$	\$
Net purchases of capital assets	7,377	12,932
Deferred capital contributions	(23,794)	(20,994)
	(16,417)	(8,062)

8. CHANGES IN NON-CASH WORKING CAPITAL

	2022	2021
	\$	\$
HST receivable	(1,795)	467
Prepaid expenses	(738)	(1,508)
Accounts payable	(400)	471
Deferred contributions	(180)	180
	(3,113)	(390)

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>	
	2022	2021
	\$	\$
ADMINISTRATION		
Advertising	247	-
Bank charges	10,278	9,802
Benevolent fund	1,992	2,063
Business and contractors expense	26,571	31,967
Church function expense	34,396	8,363
Church supplies	24,739	17,750
Conferences	9,036	1,138
Copier	3,118	2,520
Insurance	5,450	5,233
Maintenance and repairs	16,906	11,193
Miscellaneous	5,337	4,475
Office supplies	8,978	11,475
Printing	3,854	1,629
Professional fees	8,575	8,783
Telephone	5,601	4,927
Utilities	14,333	11,869
	179,411	133,187
CAPITAL		
Amortization of capital assets	43,135	42,700
Repairs and maintenance	1,366	-
	44,501	42,700

(See accompanying Notes to Financial Statements)

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

	<i>Year ended December 31</i>	
	2022	2021
	\$	\$
EVANGELISM		
Bible college support	1,200	1,200
District tithes	59,846	53,818
Evangelist and pulpit honorariums	6,300	3,140
Evangelism and outreach	31,389	17,390
World and home missions	23,508	32,070
	122,243	107,618
MINISTRY		
Christian education	13,289	9,621
Junior high ministry	5,563	240
Music ministry	9,804	5,221
Women's ministry	1,058	2,321
Youth ministry	20,505	9,204
	50,219	26,607
WAGES AND EMPLOYEE BENEFITS		
Employee benefits	45,301	44,857
House allowance	46,992	50,352
Pastoral salaries	178,083	166,970
Summer students	30,764	69,176
Support staff salaries	32,489	33,788
Travel allowance	3,600	1,200
	337,229	366,343

(See accompanying Notes to Financial Statements)