

KING'S VIEW COMMUNITY CHURCH

FINANCIAL STATEMENTS

DECEMBER 31, 2023

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, 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 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, 2023, 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, 2023 and 2022, current assets as at December 31, 2023 and 2022 and net assets as at January 1 and December 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended December 31, 2022 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 19, 2024

KING'S VIEW COMMUNITY CHURCH
STATEMENT OF FINANCIAL POSITION

As at December 31

	2023	2022
	\$	\$
ASSETS		
CURRENT		
Cash	260,553	280,344
HST receivable	18,804	8,738
Prepaid expenses	3,945	5,004
	283,302	294,086
CAPITAL ASSETS <i>(Note 3)</i>	267,651	299,170
	550,953	593,256
LIABILITIES		
CURRENT		
Accounts payable	44,974	8,396
Current portion of loan payable	-	40,000
	44,974	48,396
DEFERRED CAPITAL CONTRIBUTIONS <i>(Note 4)</i>	168,304	180,345
	213,278	228,741
NET ASSETS		
NET ASSETS INVESTED IN CAPITAL ASSETS <i>(Note 5)</i>	99,347	118,825
UNRESTRICTED NET ASSETS	238,328	245,690
	337,675	364,515
	550,953	593,256

(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	2023	2022
	\$	\$	\$	\$
NET ASSETS, BEGINNING OF YEAR	118,825	245,690	364,515	410,570
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(46,694)	19,854	(26,840)	(46,055)
INVESTMENT IN CAPITAL ASSETS <i>(Note 5)</i>	27,216	(27,216)	-	-
NET ASSETS, END OF YEAR	99,347	238,328	337,675	364,515

(See accompanying Notes to Financial Statements)

KING'S VIEW COMMUNITY CHURCH
STATEMENT OF OPERATIONS

Year ended December 31

	2023	2022
	\$	\$
REVENUES		
General	671,740	575,396
Building	12,041	9,006
Designated	11,369	10,366
Loose	238	618
Missions	22,517	21,016
Camps and bible school	62,964	54,530
Youth ministries	17,993	13,416
Other income	8,427	3,200
Government summer student grant	14,613	-
	821,902	687,548
EXPENSES		
Administration (<i>Schedule 1</i>)	202,767	179,411
Capital (<i>Schedule 1 - including amortization</i>)	50,958	44,501
Evangelism (<i>Schedule 2</i>)	149,941	122,243
Ministry (<i>Schedule 2</i>)	65,914	50,219
Wages and employee benefits (<i>Schedule 2</i>)	379,162	337,229
	848,742	733,603
DEFICIENCY OF REVENUE OVER EXPENSES	(26,840)	(46,055)

(See accompanying Notes to Financial Statements)

KING'S VIEW COMMUNITY CHURCH
STATEMENT OF CASH FLOWS

Year ended December 31

	2023	2022
	\$	\$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	(26,840)	(46,055)
Item not involving cash:		
Amortization of capital assets	46,694	43,135
	19,854	(2,920)
Changes in non-cash working capital <i>(Note 6)</i>	27,571	(3,113)
	47,425	(6,033)
FINANCING ACTIVITIES		
Repayment of loan payable	(40,000)	-
Increase (decrease) in deferred capital contributions	(12,041)	23,794
	(52,041)	23,794
INVESTING ACTIVITIES		
Purchases of capital assets	(15,175)	(7,377)
INCREASE (DECREASE) IN CASH	(19,791)	10,384
CASH, BEGINNING OF YEAR	280,344	269,960
CASH, END OF YEAR	260,553	280,344

(See accompanying Notes to Financial Statements)

KING'S VIEW COMMUNITY CHURCH
NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2023

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. 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.

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 payable 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.

KING'S VIEW COMMUNITY CHURCH
NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL INSTRUMENTS (Continued)

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, 2023

2. 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.

3. CAPITAL ASSETS

	2023			2022
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Land	92,282	-	92,282	92,282
Building	1,048,436	901,823	146,613	181,562
Portable	39,604	31,680	7,924	11,884
Furniture	79,010	79,010	-	-
Instruments	84,967	82,428	2,539	5,079
Computer	58,193	39,900	18,293	8,363
Signs	3,105	3,105	-	-
Shed	2,797	2,797	-	-
	1,408,394	1,140,743	267,651	299,170

KING'S VIEW COMMUNITY CHURCH
NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2023

4. 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:

	2023	2022
	\$	\$
Unspent contributions:		
Beginning balance	119,570	86,770
Add: Contributions during the year	-	32,800
Less: Amounts spent during the year:	(15,175)	-
	104,395	119,570
Unamortized contributions spent on capital assets:		
Balance, beginning of year	60,775	69,781
Add: Amounts spent during the year	15,175	-
Less: Amortization of deferred capital contributions	(12,041)	(9,006)
	63,909	60,775
Ending balance	168,304	180,345

5. NET ASSETS INVESTED IN CAPITAL ASSETS

Net assets invested in capital assets consists of the following:

	2023	2022
	\$	\$
Capital assets	267,651	299,170
Less: Deferred capital contributions	(168,304)	(180,345)
	99,347	118,825

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

	2023	2022
	\$	\$
Net purchases of capital assets	15,175	7,377
Decrease (increase) in deferred capital contributions	12,041	(23,794)
	27,216	(16,417)

KING'S VIEW COMMUNITY CHURCH
NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2023

6. CHANGES IN NON-CASH WORKING CAPITAL

	2023	2022
	\$	\$
HST receivable	(10,066)	(1,795)
Prepaid expenses	1,059	(738)
Accounts payable	36,578	(400)
Deferred contributions	-	(180)
	27,571	(3,113)

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

	<i>Year ended December 31</i>	
	2023	2022
	\$	\$
ADMINISTRATION		
Advertising	647	247
Bank charges	11,631	10,278
Benevolent fund	3,406	1,992
Business and contractors expense	34,517	26,571
Church function expense	25,403	34,396
Church supplies	22,241	24,739
Conferences	9,755	9,036
Copier	5,960	3,118
Insurance	6,697	5,450
Literature	9,117	-
Maintenance and repairs	27,140	16,906
Miscellaneous	6,096	5,337
Office supplies	6,302	8,978
Printing	4,646	3,854
Professional fees	9,329	8,575
Telephone	5,753	5,601
Utilities	14,127	14,333
	202,767	179,411
CAPITAL		
Amortization of capital assets	46,694	43,135
Repairs and maintenance	4,264	1,366
	50,958	44,501

(See accompanying Notes to Financial Statements)

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

	<i>Year ended December 31</i>	
	2023	2022
	\$	\$
EVANGELISM		
Bible college support	1,200	1,200
District tithes	67,312	59,846
Evangelist and pulpit honorariums	4,985	6,300
Evangelism and outreach	51,344	31,389
World and home missions	25,100	23,508
	149,941	122,243
MINISTRY		
Children's ministry	24,433	13,289
Junior high ministry	6,067	5,563
Music ministry	7,609	9,804
Senior's ministry	1,106	-
Women's ministry	-	1,058
Youth ministry	26,699	20,505
	65,914	50,219
WAGES AND EMPLOYEE BENEFITS		
Employee benefits	48,705	45,301
House allowance	46,992	46,992
Pastoral salaries	194,640	178,083
Summer students	52,335	30,764
Support staff salaries	33,846	32,489
Travel allowance	2,644	3,600
	379,162	337,229

(See accompanying Notes to Financial Statements)