



Grant Thornton

Financial Statements

Mission City Bible Church

August 31, 2022

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# Independent Auditor's Report

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To the Members of  
Mission City Bible Church

## Qualified opinion

We have audited the financial statements of Mission City Bible Church (the "Church"), which comprise the statement of financial position as at August 31, 2022, and the statements of revenue and expenditures, 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 of Qualified Opinion* paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Church as at August 31, 2022, 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 ("ASNPO").

## Basis for Qualified Opinion

In common with many charitable organizations, the Church derives revenue from offerings, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Church. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess (deficiency) of revenue over expenditures, and cash flows from operations for the year ended August 31, 2022 and the eight months ended August 31, 2021, current assets at August 31, 2022 and 2021, and net assets at August 31, 2022 and 2021 and September 1, 2021 and January 1, 2021. Our audit opinion on the financial statements for the eight months ended August 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 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 opinion.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with ASNPO, 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 a 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 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Mississauga, Canada  
January 30, 2023

Chartered Professional Accountants  
Licensed Public Accountants

# Mission City Bible Church

## Statement of Financial Position

As at August 31, 2022 2021

### Assets

#### Current

Cash (Note 3)	\$ 450,220	\$ 427,022
Accounts receivable	24,567	9,943
HST receivable	5,007	7,262
Prepaid expenses and deposits	<u>9,899</u>	<u>5,398</u>
	<b>489,693</b>	449,625

Capital assets (Note 4)	<u>18,380</u>	<u>23,096</u>
	<b>\$ 508,073</b>	<b>\$ 472,721</b>

### Liabilities

#### Current

Accounts payable and accrued liabilities	\$ 22,249	\$ 18,886
Deferred benevolence contributions (Note 5)	<u>8,397</u>	<u>9,391</u>
	<b>30,646</b>	28,277

Deferred capital contributions (Note 5)	<u>78,873</u>	<u>78,223</u>
	<b>109,519</b>	106,500

### Net assets

Invested in capital assets	18,380	23,096
Unrestricted	<u>380,174</u>	<u>343,125</u>
	<b>398,554</b>	366,221
	<b>\$ 508,073</b>	<b>\$ 472,721</b>

Operating lease commitments (Note 6)

On behalf of the Board of Elders

Adm Pet Elder

Don Dany Elder

See accompanying notes to the financial statements.

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## Mission City Bible Church

### Statement of Revenue and Expenditures

	Year ended August 31, 2022	Eight months ended August 31, 2021
		(Note 1)
<b>Revenue</b>		
Offerings	\$ 648,917	\$ 368,090
Other income	24,486	-
Canada Emergency Wage Subsidy ("CEWS")	8,475	57,058
Canada Emergency Rent Subsidy ("CERS")	<u>-</u>	<u>22,019</u>
	<u>681,878</u>	<u>447,167</u>
<b>Expenditures</b>		
Ministry operations	385,259	263,788
Missions	89,157	57,658
Building and property	79,312	50,982
Administration	57,387	38,201
Family ministries	23,088	8,825
Amortization	6,698	4,395
Worship and production	5,243	4,326
Hospitality	2,707	482
Adult ministries	<u>694</u>	<u>1,090</u>
	<u>649,545</u>	<u>429,747</u>
Excess of revenue over expenditures	<u>\$ 32,333</u>	<u>\$ 17,420</u>

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See accompanying notes to the financial statements.

## Mission City Bible Church Statement of Changes in Net Assets

Year ended August 31

	Invested in capital assets	Unrestricted	Year ended August 31, 2022	Eight months ended August 31, 2021 (Note 1)
Balance, beginning of period	\$ 23,096	\$ 343,125	\$ 366,221	\$ 348,801
Excess (deficiency) of revenue over expenditures	(6,698)	39,031	32,333	17,420
Purchase of capital assets	2,566	(2,566)	-	-
Sale of capital assets	(584)	584	-	-
Balance, end of period	<u>\$ 18,380</u>	<u>\$ 380,174</u>	<u>\$ 398,554</u>	<u>\$ 366,221</u>

See accompanying notes to the financial statements.

## Mission City Bible Church Statement of Cash Flows

	Year ended August 31, 2022	Eight months ended August 31, 2021
		(Note 1)
Increase (decrease) in cash		
<b>Operating</b>		
Excess of revenue over expenditures	\$ 32,333	\$ 17,420
Items not affecting cash		
Amortization	6,698	4,395
Loss on sale of capital assets	84	-
Deferred benevolence contributions recognized	<u>(2,034)</u>	<u>(2,559)</u>
	37,081	19,256
Change in non-cash working capital items		
Accounts receivable	(14,624)	16,182
HST receivable	2,255	1,719
Prepaid expenses and deposits	(4,501)	(2,752)
Accounts payable and accrued liabilities	<u>3,363</u>	<u>(8,000)</u>
	<u>23,574</u>	<u>26,405</u>
<b>Financing</b>		
Deferred capital contributions received	650	1,039
Deferred benevolence contributions received	<u>1,040</u>	<u>700</u>
	<u>1,690</u>	<u>1,739</u>
<b>Investing</b>		
Sale proceeds from sale of capital asset	500	-
Purchase of capital assets	<u>(2,566)</u>	<u>(1,999)</u>
	<u>(2,066)</u>	<u>(1,999)</u>
Increase in cash	23,198	26,145
Cash, beginning of period	<u>427,022</u>	<u>400,877</u>
Cash, end of period	<u>\$ 450,220</u>	<u>\$ 427,022</u>

See accompanying notes to the financial statements.



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# Mission City Bible Church

## Notes to the Financial Statements

August 31, 2022

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### 1. Purpose of the organization

The focus of the ministry at Mission City Bible Church (the “Church”) is to glorify God through the fulfillment of the Great Commission (Matthew 28:19-20) in the spirit of the Great Commandment (Matthew 22:37-39). This is fulfilled as disciples of Jesus Christ are made. God is glorified as we manifest His presence in doing so (2 Timothy 2:2; 1 Corinthians 10:31).

The Church is incorporated under the laws of Ontario and is registered as a charitable organization under the Income Tax Act (Canada) and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Church must meet certain requirements of the Act.

The Church adopted a fiscal year ended August 31 effective January 1, 2021. Accordingly, these financial statements reflect the results of operations and cash flows for the year ended August 31, 2022. The comparative figures in the financial statements reflect the results of operations and cash flows for the eight months ended August 31, 2021.

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### 2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”). ASNPO requires entities to select policies appropriate for their circumstances from policies provided in these standards. The significant accounting policies selected by the Church and applied in these financial statements are as follows.

#### **Fund accounting**

The accounts are maintained in accordance with the principles of fund accounting, whereby fund balances of the Church are classified for accounting and reporting purposes into funds to be used according to the directions as determined by the Church.

#### *Unrestricted net assets*

Unrestricted net assets reflect all general programs and activities, other than those activities listed below.

#### *Invested in capital assets*

Net assets invested in capital assets reflect the assets, liabilities, revenue and expenditures related to the Church’s capital assets.

#### **Revenue recognition**

The Church follows the deferral method of accounting for contributions. Externally restricted contributions received are recorded as deferred contributions and recognized as revenue in the period in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received.

Contributions externally restricted for capital purposes are recorded as deferred capital contributions until the related capital purchase occurs, at which point they are amortized at a rate corresponding to the amortization of the related capital assets.

CEWS and CERS are recognized in the statement of revenue and expenditures when received or receivable in the period to which it relates.

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# Mission City Bible Church

## Notes to the Financial Statements

August 31, 2022

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### 2. Summary of significant accounting policies (continued)

#### Financial instruments

The Church considers any contract creating a financial asset, liability or equity instrument as a financial instrument. The Church's financial instruments are comprised of cash, accounts receivable, HST receivable, and accounts payable. All financial instruments are initially recognized at fair value and subsequently measured at amortized cost.

#### Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided as follows:

Computer equipment	30% declining balance
Furniture and fixtures	20% declining balance
Leasehold improvements	Over the term of the lease
Sound equipment	30% declining balance
Storage equipment	6% declining balance

One-half the normal rate of amortization is provided for in the period of acquisition.

Capital assets are tested for impairment when events or changes in circumstances indicate that an asset might be impaired. The assets are tested for impairment by comparing the net carrying value to its fair value or replacement cost. If the asset's fair value or replacement cost is determined to be less than its net carrying value, the resulting impairment is reported in the statement of revenue and expenditures. Any impairment recognized is not reversed.

#### Contributed materials and services

Contributed materials are not recognized in the financial statements due to the difficulty of determining their fair value. Volunteers contribute a substantial number of hours each period to assist the Church in carrying out its mission. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

#### Use of estimates

Management reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revision or any possibility of impairment. Certain items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. These estimates are reviewed periodically and adjustments are made to the excess of revenue over expenditures as appropriate in the period they become known.

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### 3. Cash

	<u>2022</u>	<u>2021</u>
Cash	\$ 362,950	\$ 339,408
Cash held for deferred benevolence contributions	8,397	9,391
Cash held for deferred capital contributions	<u>78,873</u>	<u>78,223</u>
	<u>\$ 450,220</u>	<u>\$ 427,022</u>

# Mission City Bible Church

## Notes to the Financial Statements

August 31, 2022

### 4. Capital assets

			<u>2022</u>	<u>2021</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer equipment	\$ 18,070	\$ 12,150	\$ 5,920	\$ 5,924
Furniture and fixtures	18,015	14,492	3,523	4,403
Leasehold improvements	5,138	5,138	-	-
Sound equipment	85,456	78,890	6,566	9,381
Storage equipment	3,638	1,267	2,371	3,388
	<u>\$ 130,317</u>	<u>\$ 111,937</u>	<u>\$ 18,380</u>	<u>\$ 23,096</u>

### 5. Deferred contributions

	<u>2022</u>	<u>2021</u>
Deferred benevolence contributions		
Balance, beginning of period	\$ 9,391	\$ 11,250
Benevolence contributions received	1,040	700
Benevolence contributions recognized as revenue	<u>(2,034)</u>	<u>(2,559)</u>
Balance, end of period	<u>\$ 8,397</u>	<u>\$ 9,391</u>
Deferred capital contributions		
Balance, beginning of period	\$ 78,223	\$ 77,184
Capital contributions received	<u>650</u>	<u>1,039</u>
Balance, end of period	<u>\$ 78,873</u>	<u>\$ 78,223</u>

The deferred capital contributions balance relates to amounts that have been received restricted for capital purchases but have not yet been spent.

### 6. Operating lease commitments

The Church is committed under operating leases for rental of premises and equipment for various periods extending to fiscal 2024. The minimum annual payments are as follows:

2023	\$ 53,498
2024	<u>2,908</u>
	<u>\$ 56,406</u>

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# Mission City Bible Church

## Notes to the Financial Statements

August 31, 2022

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### 7. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of the financial statements in assessing the extent of risk related to financial instruments.

#### Liquidity risk

Liquidity risk is the risk that the Church will encounter difficulty in raising funds to meet commitments associated to its financial liabilities. The Church is exposed to liquidity risk mainly in respect to its accounts payable.

The Church manages its liquidity risk by forecasting cash flows from operations, investing and financing activities to ensure that it has sufficient funds available to meet current and foreseeable financial obligations. It is management's opinion that the Church is not exposed to significant liquidity risk arising from its financial instruments.

#### Other risks

Unless otherwise noted, it is management's opinion that the Church is not exposed to significant credit, interest, market, or currency risks. As at August 31, 2022, the allowance for doubtful accounts receivable is \$Nil (2021 - \$Nil).