

**MISSION CITY BIBLE CHURCH**

**FINANCIAL STATEMENTS**

**For the year ended August 31, 2023**

# **MISSION CITY BIBLE CHURCH**

**For the year ended August 31, 2023**

## **INDEX**

	Page
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Revenue and Expenditures	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 11

## INDEPENDENT AUDITORS' REPORT

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, 2023, and the statement of revenues 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 possible effects of the matters 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 Church as at August 31, 2023, and its results of operations 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 not-for-profit organizations, the Church derives revenue from donations and fundraising activities, 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 Church. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended August 31, 2023 and 2022, current assets as at August 31, 2023 and 2022, and net assets as at September 1 and August 31 for the 2023 and 2022 years. The predecessor auditor's audit opinion on the financial statements for the year ended August 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 *Auditors' Responsibilities for the Audit of 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.

### **Other Matter**

The financial statements of the Church for the year ended August 31, 2022 were audited by another auditor who expressed a qualified opinion, as explained in the *Basis for Qualified Opinion* section of the report, on those financial statements on January 30, 2023.

### **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 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 Church's ability to continue as a going concern, disclosing, as applicable, matters relating to 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 but to do so.

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

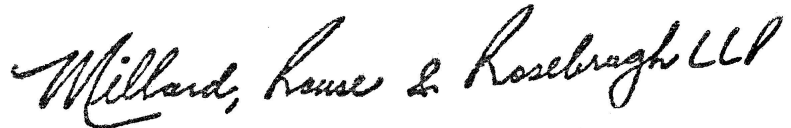
## **Auditors' Responsibilities for the Audit of the Financial Statements**

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 auditors' 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 Church's preparation and fair presentation of the financial statements 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 auditors' 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 auditors' 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 may identify during our audit.



January 31, 2024  
Brantford, Ontario

CHARTERED PROFESSIONAL ACCOUNTANTS  
Licensed Public Accountants


# MISSION CITY BIBLE CHURCH

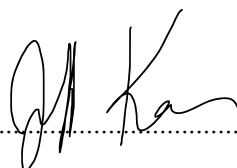
## STATEMENT OF FINANCIAL POSITION

As at August 31	2023	2022
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash (Note 3)	515,424	450,220
Accounts receivable	-	24,567
HST recoverable	8,025	5,007
Prepaid expenses and deposits	9,979	9,899
	533,428	489,693
<b>Capital Assets (Note 4)</b>	19,569	18,380
	552,997	508,073
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	28,301	22,249
Deferred benevolence contributions (Note 5)	-	8,397
	28,301	30,646
Deferred capital contributions (Note 5)	79,928	78,873
	108,229	109,519
<b>NET ASSETS</b>		
Unrestricted net assets	425,199	380,174
Invested in capital assets	19,569	18,380
	444,768	398,554
	552,997	508,073

Operating lease commitment (Note 6)

Approved on behalf of the Board of Elders

  
..... Elder

  
..... Elder

# MISSION CITY BIBLE CHURCH

## STATEMENT OF CHANGES IN NET ASSETS

	Unrestricted Funds	Invested in Capital Assets	Total
<b>For the year ended August 31, 2023</b>			
<b>Balance - Beginning of Year</b>	380,174	18,380	398,554
Excess of Revenues over Expenditures	52,306	(6,092)	46,214
Purchase of capital assets	(7,281)	7,281	-
<b>Balance - End of Year</b>	425,199	19,569	444,768
<b>For the year ended August 31, 2022</b>			
<b>Balance - Beginning of Year</b>	343,125	23,096	366,221
Excess of Revenues over Expenditures	39,031	(6,698)	32,333
Purchase of capital assets	(2,566)	2,566	-
Sale of capital assets	584	(584)	-
<b>Balance - End of Year</b>	380,174	18,380	398,554

# MISSION CITY BIBLE CHURCH

## STATEMENT OF REVENUE AND EXPENDITURES

<b>For the year ended August 31</b>	<b>2023</b>	<b>2022</b>
<b>Revenue</b>		
Offerings	757,832	648,917
Other income	9,028	24,486
Canada Emergency Wage Subsidy ("CEWS")	-	8,475
	<b>766,860</b>	<b>681,878</b>
<b>Expenditures</b>		
Ministry operations	371,252	385,259
Missions	130,815	89,157
Building and property	97,512	79,312
Administration	78,126	57,387
Family ministries	22,869	23,088
Amortization	6,092	6,698
Worship and production	6,562	5,243
Hospitality	1,985	2,707
Adult ministries	5,433	694
	<b>720,646</b>	<b>649,545</b>
<b>Excess of Revenue over Expenditures</b>	<b>46,214</b>	<b>32,333</b>

# MISSION CITY BIBLE CHURCH

## STATEMENT OF CASH FLOWS

<b>For the year ended August 31</b>	<b>2023</b>	<b>2022</b>
<b>Cash Flows From Operating Activities</b>		
Excess of Revenue over Expenditures	46,214	32,333
Items not involving cash:		
Amortization	6,092	6,698
Loss on disposal of property, plant and equipment	-	84
Deferred benevolence contributions recognized	(12,292)	(2,034)
	40,014	37,081
Net change in non-cash working capital balances related to operations		
Accounts receivable	24,567	(14,624)
HST recoverable	(3,018)	2,255
Prepaid expenses	(80)	(4,501)
Accounts payable and accrued liabilities	6,052	3,363
	67,535	23,574
<b>Cash Flows From Financing Activities</b>		
Deferred capital contributions received	1,055	650
Deferred benevolence contributions received	3,895	1,040
	4,950	1,690
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(7,281)	(2,566)
Proceeds on disposal of property, plant and equipment	-	500
	(7,281)	(2,066)
<b>Net Increase in Cash</b>	65,204	23,198
<b>Opening Cash</b>	450,220	427,022
<b>Closing Cash</b>	515,424	450,220

*See accompanying notes*



# MISSION CITY BIBLE CHURCH

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2023

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### 1. PURPOSE OF THE ORGANIZATION

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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.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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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.

#### (a) 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.

#### (b) 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.

**MISSION CITY BIBLE CHURCH**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended August 31, 2023**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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**(c) 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.

**(d) 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. .

**(e) Financial Instruments**

The Church initially measures its financial assets and financial liabilities originated or exchanged in arm's length transactions at fair value. It subsequently measures all its financial assets and financial at amortized cost. Financial assets and financial liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Church is in the capacity of management, are initially measured at cost. The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms.

Financial assets subsequently measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include the trade accounts payable and long term debt.

**(f) 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.

# MISSION CITY BIBLE CHURCH

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2023

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<b>3.</b>	<b>CASH</b>	<b>2023</b>	<b>2022</b>
	Cash	435,496	362,950
	Cash held for deferred benevolence contributions	-	8,397
	Cash held for deferred capital contributions	79,928	78,873
		<b>515,424</b>	<b>450,220</b>

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<b>4.</b>	<b>CAPITAL ASSETS</b>	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>2023</b>	<b>2022</b>
	Computer equipment	22,106	14,531	7,575	5,920
	Furniture and fixtures	21,258	15,521	5,737	3,523
	Leasehold improvements	5,138	5,138	-	-
	Sound equipment	85,456	80,859	4,597	6,566
	Storage equipment	3,638	1,978	1,660	2,371
		<b>137,596</b>	<b>118,027</b>	<b>19,569</b>	<b>18,380</b>

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# MISSION CITY BIBLE CHURCH

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2023

5.	DEFERRED CONTRIBUTIONS	2023	2022
	Deferred benevolence contributions		
	Balance, beginning of period	8,397	9,391
	Benevolence contributions received	3,895	1,040
	Benevolence contributions recognized as revenue	(12,292)	(2,034)
	Balance, end of period	-	8,397
	Deferred capital contributions		
	Balance, beginning of period	78,873	78,223
	Capital contributions received	1,055	650
	Balance, end of period	79,928	78,873

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 the operating leases for rental of premises and equipment for various periods extending to fiscal 2028. The minimum annual payments are as follows:

2024	8,397
2025	3,895
2026	2,628
2027	2,628
2028	2,628
	<u>20,176</u>

# MISSION CITY BIBLE CHURCH

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2023

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### 7. FINANCIAL INSTRUMENTS

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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, 2023, the allowance for doubtful accounts receivable is \$Nil (2022 - \$Nil).