
STOUFFVILLE PENTECOSTAL CHURCH
FINANCIAL STATEMENTS
DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members
Stouffville Pentecostal Church
STOUFFVILLE
Ontario

Qualified Opinion

We have audited the accompanying financial statements of Stouffville Pentecostal Church which comprise the statement of financial position as at December 31, 2023 and the statement of operations and changes in fund balances and statement of 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 paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the entity as at December 31, 2023 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Stouffville Pentecostal Church derives revenue from contributions 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 entity. Therefore, we were not able to determine whether any adjustments might be necessary to contributions revenue, excess (deficiency) of revenues 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 fund balances 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 entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other 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 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 entity'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 entity or to cease operations, or has no realistic alternative but to do so.

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Those charged with governance are responsible for overseeing the entity'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 entity'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 entity'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 entity 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.

Norton McMullen LLP

NORTON McMULLEN LLP

Chartered Professional Accountants, Licensed Public Accountants

MARKHAM, Canada

March 12, 2024

STOUFFVILLE PENTECOSTAL CHURCH**STATEMENT OF FINANCIAL POSITION**

As at December 31,

2023**2022**

	GENERAL FUND	MISSION FUND	CAPITAL RESERVE FUND	CAPITAL FUND	Total	Total
ASSETS						
Current						
Cash	\$ 220,272	\$ 10,642	\$ 39,463	\$ -	\$ 270,377	\$ 203,487
Short-term investments (Note 2)	-	-	85,780	-	85,780	82,852
Accounts receivable	-	-	-	-	-	2,500
HST refundable	6,509	-	-	-	6,509	6,756
Prepaid expenses	5,817	-	-	-	5,817	5,643
	<u>\$ 232,598</u>	<u>\$ 10,642</u>	<u>\$ 125,243</u>	<u>\$ -</u>	<u>\$ 368,483</u>	<u>\$ 301,238</u>
Capital Assets (Note 3)	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,862,570</u>	<u>7,862,570</u>	<u>7,975,970</u>
	<u>\$ 232,598</u>	<u>\$ 10,642</u>	<u>\$ 125,243</u>	<u>\$ 7,862,570</u>	<u>\$ 8,231,053</u>	<u>\$ 8,277,208</u>

LIABILITIES**Current**Accounts payable and
accrued liabilities

\$ 29,682	\$ -	\$ -	\$ -	\$ 29,682	\$ 22,702
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FUND BALANCES

<u>202,916</u>	<u>10,642</u>	<u>125,243</u>	<u>7,862,570</u>	<u>8,201,371</u>	<u>8,254,506</u>
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<u>\$ 232,598</u>	<u>\$ 10,642</u>	<u>\$ 125,243</u>	<u>\$ 7,862,570</u>	<u>\$ 8,231,053</u>	<u>\$ 8,277,208</u>
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Approved by the Board:

Everton Thomas DirectorEliseo Spagnolo Director

STOUFFVILLE PENTECOSTAL CHURCH

STATEMENT OF OPERATION AND CHANGES IN FUND BALANCES

For the year ended December 31,

2023

2022

	GENERAL FUND	MISSION FUND	CAPITAL RESERVE FUND	CAPITAL FUND	Total	Total
REVENUES						
Offerings and contributions	\$ 464,691	\$ 27,642	\$ 28,526	\$ -	\$ 520,859	\$ 476,116
Rental	13,640	-	-	-	13,640	21,592
Investment	13,153	-	-	-	13,153	3,700
Miscellaneous	-	-	7,528	-	7,528	-
	<u>\$ 491,484</u>	<u>\$ 27,642</u>	<u>\$ 36,054</u>	<u>\$ -</u>	<u>\$ 555,180</u>	<u>\$ 501,408</u>
EXPENSES						
Amortization	\$ -	\$ -	\$ -	\$ 218,249	\$ 218,249	\$ 235,610
Employee costs	143,873	-	-	-	143,873	169,996
Maintenance and repairs	53,867	-	-	-	53,867	63,894
District tithe	46,257	-	-	-	46,257	40,509
Utilities	39,333	-	-	-	39,333	47,373
Office	22,535	-	-	-	22,535	20,738
Missions	-	21,712	-	-	21,712	41,788
Janitorial	13,700	-	-	-	13,700	12,929
Insurance	12,204	-	-	-	12,204	11,057
Fellowship	9,923	-	-	-	9,923	8,105
Church ministries	9,642	-	-	-	9,642	16,278
Professional fees	6,906	-	-	-	6,906	5,177
Equipment and furniture	5,162	-	-	-	5,162	-
Outreach	4,237	-	-	-	4,237	12,560
Advertising	465	-	-	-	465	357
Guests	250	-	-	-	250	2,654
	<u>\$ 368,354</u>	<u>\$ 21,712</u>	<u>\$ -</u>	<u>\$ 218,249</u>	<u>\$ 608,315</u>	<u>\$ 689,025</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES						
	\$ 123,130	\$ 5,930	\$ 36,054	\$ (218,249)	\$ (53,135)	\$ (187,617)
INTERFUND TRANSFERS						
(Note 5)	(129,580)	(1,870)	26,601	104,849	-	-
FUND BALANCES - Beginning	<u>209,366</u>	<u>6,582</u>	<u>62,588</u>	<u>7,975,970</u>	<u>8,254,506</u>	<u>8,442,123</u>
FUND BALANCES - Ending	<u>\$ 202,916</u>	<u>\$ 10,642</u>	<u>\$ 125,243</u>	<u>\$ 7,862,570</u>	<u>\$ 8,201,371</u>	<u>\$ 8,254,506</u>

See accompanying notes

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STOUFFVILLE PENTECOSTAL CHURCH

STATEMENT OF CASH FLOWS

For the year ended December 31,

2023

2022

CASH AND CASH EQUIVALENTS WERE PROVIDED BY (USED IN):

OPERATING ACTIVITIES

Deficiency of revenues over expenses	\$ (53,135)	\$ (187,617)
Items not affecting cash:		
Amortization	<u>218,249</u>	<u>235,610</u>
	\$ 165,114	\$ 47,993
Net change in non-cash working capital balances:		
Accounts receivable	2,500	(2,500)
HST refundable	247	(1,681)
Government assistance receivable	-	144
Prepaid expenses	(174)	(229)
Accounts payable and accrued liabilities	<u>6,980</u>	<u>3,191</u>
	\$ 174,667	\$ 46,918

INVESTING ACTIVITIES

Increase in short-term investments	\$ (2,928)	\$ (332)
Purchase of capital assets	<u>(104,849)</u>	<u>-</u>
	\$ (107,777)	\$ (332)

INCREASE IN CASH

\$ 66,890 \$ 46,586

CASH - Beginning

203,487 156,901

CASH - Ending

\$ 270,377 \$ 203,487

See accompanying notes

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STOUFFVILLE PENTECOSTAL CHURCH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NATURE OF OPERATIONS

Stouffville Pentecostal Church (the "Church") is a not-for-profit corporation without share capital under the laws of the Province of Ontario. The Church is also registered with Canada Revenue Agency as a charity which allows the Church to issue tax receipts for contributions received.

The mission of the Church is to be a body of Spirit-led people who are intentionally recreating an environment that is genuine and real, focused on people and building passionate Christ-followers.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

a) Fund Accounting

Resources are classified into funds according to the objectives or activities specified as follows:

The **General Fund** receives unrestricted contributions and is responsible for the general operation of the Church and its various ministries.

The **Mission Fund** receives designated contributions to support local and international missions.

The **Capital Reserve Fund** consists of amounts held for future capital projects and significant expenses associated with building maintenance.

The **Capital Fund** consists of the Church facilities and equipment.

b) Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions based on currently available information. Such estimates and assumptions affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from the estimates used.

Significant estimates include the estimated useful life of capital assets.

c) Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in bank accounts.

STOUFFVILLE PENTECOSTAL CHURCH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

d) Capital Assets

Capital assets are recorded at cost. Repairs and maintenance which do not extend the useful life of the assets are expensed as incurred. Amortization is being provided over the estimated useful life of the assets using the following annual rates and methods:

	<u>Rate</u>	<u>Method</u>
Land	not amortized	
Building	40 years	straight-line
Equipment	5 years	straight-line
Land improvements	10 years	straight-line
Computer equipment	5 years	straight-line

e) Impairment of Capital Assets

When a tangible capital asset no longer contributes to an organization's ability to provide goods and services, or the value of future economic benefits or service potential associated with the tangible capital asset is less than its net carrying amount, the net carrying amount of the tangible capital asset is written down to the asset's fair value or replacement cost. There are no impairment indicators in the current year.

f) Revenue Recognition

The Church follows the restricted fund method of accounting for contributions. Externally restricted contributions are recognized as revenue in the fund corresponding to the purpose for which they were contributed. Unrestricted contributions are recognized as revenue in the General Fund. Restricted contributions for which there is no fund are accounted for using the deferral method.

Rental income is recognized as revenue in the General Fund when earned and collection is reasonably assured. Investment income is recognized as revenue in the Capital Reserve Fund when earned.

g) Contributed Services

Volunteers contribute significant hours per year to assist the Church in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

STOUFFVILLE PENTECOSTAL CHURCH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

h) Financial Instruments

Measurement of Financial Instruments

The Church initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. The Church subsequently measures all its financial assets and liabilities at amortized cost.

Financial assets subsequently measured at amortized cost include cash and short-term investments. Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities.

The Church has no financial assets measured at fair value and has not elected to carry any financial asset or liability at fair value.

Impairment

Financial assets measured at amortized cost are tested for impairment when events or circumstances indicate possible impairment. Write-downs, if any, are recognized in the excess (deficiency) of revenues over expenses and may be subsequently reversed to the extent that the net effect after the reversal is the same as if there had been no write-down. There are no impairment indicators in the current year.

2. SHORT-TERM INVESTMENTS

Short-term investments consist of the following:

	2023	2022
CIBC GIC, 5.0%, redeemable, maturing September 2024	\$ 85,780	\$ -
CIBC GIC, 1.20%, redeemable, matured May 2023	<u>-</u>	<u>82,852</u>
	<u>\$ 85,780</u>	<u>\$ 82,852</u>

STOUFFVILLE PENTECOSTAL CHURCH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

3. CAPITAL ASSETS

Capital assets consist of the following:

	2023			2022
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 1,579,329	\$ -	\$ 1,579,329	\$ 1,579,329
Building	7,155,715	979,435	6,176,280	6,355,172
Equipment	303,647	276,810	26,837	41,469
Land improvements	76,293	3,815	72,478	-
Computer equipment	8,496	850	7,646	-
	<u>\$ 9,123,480</u>	<u>\$ 1,260,910</u>	<u>\$ 7,862,570</u>	<u>\$ 7,975,970</u>

4. CREDIT FACILITY

The Church has a revolving credit facility of \$50,000 bearing interest at CIBC prime rate plus 1%

5. INTERFUND TRANSFERS

During the year, the General Fund transferred \$Nil (2022 - \$15,342) to the Mission Fund to fund various church ministries.

During the year, the General Fund transferred \$45,670 (2022 - \$Nil) to the Capital Fund to fund the purchase of capital assets.

During the year, the General Fund transferred \$85,780 (2022 - \$Nil) invested in a GIC to the Capital Reserve Fund as a capital reserve.

During the year, the Mission Fund transferred \$1,870 (2022 - \$Nil) to the General Fund to rectify an over transfer in the previous year.

During the year, the Capital Reserve Fund transferred \$59,179 (2022 - \$Nil) to the Capital Fund to facilitate the paving of the parking lot.

STOUFFVILLE PENTECOSTAL CHURCH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

6. FINANCIAL INSTRUMENTS

Risks and Concentrations

The Church is exposed to various risks through its financial instruments. The following analysis provides a summary of the Church's exposure to and concentrations of risk at December 31, 2023:

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. The Church is not exposed to significant credit risk as at December 31, 2023. There has been no change in the assessment of credit risk from the prior year.

b) Liquidity Risk

Liquidity risk is the risk that the Church will encounter difficulty in meeting obligations associated with financial liabilities. The Church is exposed to this risk mainly with respect to its accounts payable and accrued liabilities. The Church manages this risk by managing its working capital, ensuring that sufficient credit is available, and by generating sufficient cash flow from operations. There has been no change in the assessment of liquidity risk from the prior year.

c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and price risk. The Church is mainly exposed to interest rate risk as follows:

i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Church is exposed to interest rate risk with respect to its investments. The exposure to this risk fluctuates as related interest rates change from year to year.