

Hope Church Toronto West

Financial Statements

For the year ended December 31, 2018

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To the Members of
Hope Church Toronto West

Independent Auditors' Report

Qualified Opinion

We have audited the accompanying financial statements of Hope Church Toronto West (the Church), which comprise the statement of financial position as at December 31, 2018, and the statements of receipts and expenditures, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Hope Church Toronto West as at December 31, 2018 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, the Church derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to amounts recorded in the records of the Church and we were not able to determine whether any adjustments might be necessary to those revenues, and excess of receipts over expenditures for the year ended December 31, 2018 and assets and net assets at December 31, 2018.

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 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 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 Church'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 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 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 Auditing Standards (CASs), 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.
- 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.

June 6, 2019
Burlington, Ontario



Chartered Professional Accountants
Licensed Public Accountants

Hope Church Toronto West
Statement of Financial Position
December 31, 2018

Assets			
	2018		2017
Current assets			
Cash and cash equivalents	\$ 629,921	\$	464,773
Internally restricted cash and cash equivalents (Note 6)	83,818		67,215
H.S.T. receivable	17,419		27,739
Prepaid expenses and deposits	6,154		3,014
Related party loans (Note 3)	32,609		14,350
	769,921		577,091
Capital assets (Note 4)	41,999		46,427
	\$ 811,920	\$	623,518

Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	\$ 33,200	\$	24,848
Related party loans (Note 5)	-		1,250
	\$ 33,200	\$	26,098

Net Assets			
Net assets invested in capital assets	\$ 41,999	\$	46,427
Net assets internally restricted (Note 6)	83,818		67,215
Unrestricted net assets	652,903		483,778
	778,720		597,420
	\$ 811,920	\$	623,518

Approved on Behalf of the Board

 Members

 Members

The accompanying notes are an integral part of the financial statements.



Hope Church Toronto West

Statement of Changes in Net Assets

Year Ended December 31, 2018

	Invested in Capital Assets	Internally Restricted (Note 6)	Unrestricted	Total 2018	Total 2017
Balance, beginning of year	\$ 46,427	\$ 67,215	\$ 483,778	\$ 597,420	\$ 400,990
Excess (deficiency) of receipts over expenditures for the year	(14,288)	-	195,588	181,300	196,430
Transfer to internally restricted	-	16,603	(16,603)	-	-
Purchase of capital assets	9,860	-	(9,860)	-	-
Balance, end of year	\$ 41,999	\$ 83,818	\$ 652,903	\$ 778,720	\$ 597,420

The accompanying notes are an integral part of the financial statements.



Hope Church Toronto West
Statement of Receipts and Expenditures
Year Ended December 31, 2018

	2018	2017
Receipts	\$ 1,068,595	\$ 881,296
Expenditures		
Administration	81,917	63,825
Adult ministries	10,133	5,777
Amortization	14,288	22,843
Building and property	139,977	124,015
Family ministries	19,486	6,443
Hospitality	4,174	3,764
Ministry operations	502,613	405,392
Missions	100,263	47,386
Worship and production	14,444	5,421
	887,295	684,866
Excess of receipts over expenditures for the year	\$ 181,300	\$ 196,430

The accompanying notes are an integral part of the financial statements.



Hope Church Toronto West

Statement of Cash Flows

Year Ended December 31, 2018

	2018	2017
Cash flows from operating activities		
Excess of receipts over expenditures for the year	\$ 181,300	\$ 196,430
Charges not involving cash		
Amortization	14,288	22,843
	195,588	219,273
Net change in h.s.t. receivable	10,320	(7,244)
Net change in accounts payable and accrued liabilities	8,352	1,074
Net change in other operating working capital balances	(22,649)	47,075
Cash flows from operating activities	191,611	260,178
Cash flows from investing activities		
Purchase of capital assets	(9,860)	(10,346)
Cash flows used in investing activities	(9,860)	(10,346)
Net increase in cash and cash equivalents	181,751	249,832
Cash and cash equivalents, beginning of year	531,988	282,156
Cash and cash equivalents, end of year	\$ 713,739	\$ 531,988
Cash and cash equivalents consist of:		
Cash and cash equivalents	\$ 629,921	\$ 464,773
Internally restricted cash and cash equivalents	83,818	67,215
	\$ 713,739	\$ 531,988

The accompanying notes are an integral part of the financial statements.



Hope Church Toronto West

Notes to Financial Statements

Year Ended December 31, 2018

1. Form of Organization

Hope Church Toronto West (the "Church") is registered as a charitable organization under the Canadian Income Tax Act.

The focus of the ministry at Hope Church Toronto West 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).

2. Significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks.

Financial instruments

The Church's financial instruments consist of cash and cash equivalents, restricted cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities. Financial instruments are initially recognized at fair value and subsequently measured at amortized cost. Transaction costs and financing fees associated with financial instruments carried at amortized cost are recorded as adjustments to the initial fair value recognized and amortized over the life of the financial instrument.

Capital assets

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

Computer equipment	30% declining balance
Furniture and fixtures	20% declining balance
Leasehold improvements	3 year straight-line
Sound equipment	30% declining balance
Vehicles	30% declining balance

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

Revenue recognition

The Church follows the deferral method of accounting for contributions. Restricted donations received are recognized as revenue in the period in which the related expenses are incurred. Unrestricted donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributed services

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



Hope Church Toronto West
Notes to Financial Statements
Year Ended December 31, 2018

2. Significant accounting policies (cont'd.)

Income taxes

The Church is a not-for-profit organization registered under the Income Tax Act (the "Act") 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. In the opinion of management, these requirements have been met.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expense during the period. Actual results could differ from those estimates.

3. Related party loans

	2018	2017
Due from Harvest Bible Chapel Oakville	\$ 32,609	\$ 14,350

Harvest Bible Chapel Oakville is related to the Church as it has the ability to exercise significant influence over the Church due to the existence of common members on the Elder Boards.

Related party loans are unsecured, non-interest bearing, and have no set terms of repayment. Management anticipates that the amounts due from related parties will be repaid during the next fiscal year.

4. Capital assets

	Cost	Accumulated Amortization	2018	2017
Computer equipment	\$ 17,377	\$ 11,166	\$ 6,211	\$ 5,222
Furniture and fixtures	16,000	7,048	8,952	11,190
Leasehold improvements	36,898	36,898	-	-
Sound equipment	88,871	67,861	21,010	30,015
Vehicles	6,854	1,028	5,826	-
	\$ 166,000	\$ 124,001	\$ 41,999	\$ 46,427



Hope Church Toronto West
Notes to Financial Statements
Year Ended December 31, 2018

5. Related party loans

	2018	2017
Due to Harvest Bible Chapel Brantford	\$ -	\$ 1,250

The Church is related to Harvest Bible Chapel Brantford through Harvest Bible Chapel Oakville which has the ability to exercise significant influence over both Churches due to common members on the Elder Boards.

Related party loans are unsecured, non-interest bearing, and have no set terms of repayment. Management anticipates that the related party loans will be repaid during the next fiscal year.

6. Net assets internally restricted

The Church has designated these funds to be reserved for future expenditures, consistent with the objectives of its ministry.

7. Operating lease commitments

Future minimum payments for operating leases that have initial or remaining terms of one year or more consist of the following amounts:

	Premises	Equipment
2019	\$ 29,120	\$ 3,376
2020	-	3,376
2021	-	3,376
2022	-	3,376
2023	-	3,376
	\$ 29,120	\$ 16,880

8. Related party transactions

During the year, the Church entered into transactions with related parties in the normal course of operations. These transactions, accounted for at their exchange amount, which is the amount of consideration established and agreed to by the related parties, are as follows:

	2018	2017
Professional fees paid to Harvest Bible Chapel Oakville (associated Church)	\$ 15,000	\$ 15,000



Hope Church Toronto West

Notes to Financial Statements

Year Ended December 31, 2018

9. Financial instruments

The Church's financial instruments consist of cash and cash equivalents, restricted cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities.

Liquidity risk

The Church's exposure to liquidity risk is dependent on purchasing commitments and obligations for raising of funds to meet commitments and sustain operations. The Church controls liquidity risk by management of working capital, and cash flows.

Unless otherwise noted, it is management's opinion that the Church is not exposed to significant credit, interest, market, or currency risks.

