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**HOPE CHURCH TORONTO WEST**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**INDEX**

<b>Page</b>	<b>1-2.</b>	<b>Independent Auditor's Report</b>
	<b>3.</b>	<b>Statement of Financial Position</b>
	<b>4.</b>	<b>Statement of Changes in Net Assets</b>
	<b>5.</b>	<b>Statement of Operations</b>
	<b>6.</b>	<b>Statement of Cash Flows</b>
	<b>7-11.</b>	<b>Notes to Financial Statements</b>

## INDEPENDENT AUDITOR'S REPORT

To the Members  
Hope Church Toronto West  
TORONTO  
Ontario

### *Qualified Opinion*

We have audited the accompanying financial statements of Hope Church Toronto West which comprise the statement of financial position as at December 31, 2021 and the statement of operations, statement of changes in net assets 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, 2021 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, Hope Church Toronto West 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 Church. Therefore, we were not able to determine whether any adjustments might be necessary to or contributions revenue, excess (deficiency) of revenues over expenses, and cash flows from operations for the years ended December 31, 2021 and 2020, current assets as at December 31, 2021 and 2020, and net assets as at January 1 and December 31 for both the 2021 and 2020 years.

Our audit opinion on the financial statements for the year ended December 31, 2020 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.

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

- 1 -

*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.

*Anton McMullen LLP*

NORTON McMULLEN LLP

Chartered Professional Accountants, Licensed Public Accountants

MARKHAM, Canada

June 8, 2022

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# HOPE CHURCH TORONTO WEST

## STATEMENT OF FINANCIAL POSITION

As at December 31,

2021

2020

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### ASSETS

#### Current

Cash (Note 2)	\$ 140,511	\$ 6,695,067
Temporary investments (Note 3)	6,900,000	500,000
Accounts receivable	21,516	5,104
Interest receivable	16,943	-
HST recoverable	7,856	6,022
Prepaid expenses	9,643	11,301
	<u>\$ 7,096,469</u>	<u>\$ 7,217,494</u>

#### Capital Assets (Note 4)

	<u>34,395</u>	<u>50,538</u>
	<u>\$ 7,130,864</u>	<u>\$ 7,268,032</u>

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### LIABILITIES

#### Current

Accounts payable and accrued liabilities	\$ 32,581	\$ 26,697
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#### NET ASSETS

	<u>7,098,283</u>	<u>7,241,335</u>
	<u>\$ 7,130,864</u>	<u>\$ 7,268,032</u>

#### Commitments (Note 5)

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Approved by the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# HOPE CHURCH TORONTO WEST

## STATEMENT OF CHANGES IN NET ASSETS

For the year ended December 31,

2021

2020

	Invested in Capital Assets (Note 6)	Internally Restricted (Note 6)	Unrestricted		
<b>BALANCE - Beginning</b>	\$ 50,538	\$ 66,556	\$ 7,124,241	\$ 7,241,335	\$ 745,945
Excess (deficiency) of revenues over expenses	(12,754)	(30,287)	(100,011)	(143,052)	6,495,390
Transfer to internally restricted (Note 6)	-	3,800	(3,800)	-	-
Purchase of capital assets (Note 6)	5,869	-	(5,869)	-	-
<b>BALANCE - Ending</b>	<u>\$ 43,653</u>	<u>\$ 40,069</u>	<u>\$ 7,014,561</u>	<u>\$ 7,098,283</u>	<u>\$ 7,241,335</u>

See accompanying notes

- 4 -

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# HOPE CHURCH TORONTO WEST

## STATEMENT OF OPERATIONS

For the year ended December 31,

2021

2020

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### REVENUES

Contributions	\$ 822,868	\$ 7,315,663
Interest income	31,691	10,250
Government assistance (Note 9)	-	9,120
	<u>\$ 854,559</u>	<u>\$ 7,335,033</u>

### EXPENSES

Ministry operations	\$ 523,669	\$ 502,847
Missions	224,259	148,282
Building and property	140,646	95,837
Administration	65,619	56,576
Adult ministries	16,170	8,063
Amortization	12,754	16,178
Worship and production	7,304	7,217
Loss on disposal of assets	4,955	-
Family ministries	1,548	4,202
Hospitality	687	441
	<u>\$ 997,611</u>	<u>\$ 839,643</u>

### EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES

\$ (143,052)    \$ 6,495,390

See accompanying notes

- 5 -

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# HOPE CHURCH TORONTO WEST

## STATEMENT OF CASH FLOWS

For the year ended December 31,

2021

2020

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

#### OPERATING ACTIVITIES

Excess (deficiency) of revenues over expenses	\$ (143,052)	\$ 6,495,390
Items not affecting cash:		
Amortization	12,754	16,178
Loss on disposal of assets	4,955	-
	<u>\$ (125,343)</u>	<u>\$ 6,511,568</u>
Net change in non-cash working capital balances:		
Accounts receivable	(16,412)	-
Interest receivable	(16,943)	-
HST recoverable	(1,834)	6,683
Prepaid expenses	1,658	(148)
Accounts payable and accrued liabilities	5,884	(7,790)
	<u>\$ (152,990)</u>	<u>\$ 6,510,313</u>

#### INVESTING ACTIVITIES

Net purchase of capital assets	\$ (1,566)	\$ (20,061)
Purchase of temporary investments	(6,400,000)	-
	<u>\$ (6,401,566)</u>	<u>\$ (20,061)</u>

#### FINANCING ACTIVITIES

Advances from related party	\$ -	\$ (2,439)
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#### INCREASE (DECREASE) IN CASH

\$ (6,554,556) \$ 6,487,813

CASH - Beginning

6,695,067 207,254

CASH - Ending

140,511 \$ 6,695,067

See accompanying notes

- 6 -

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# HOPE CHURCH TORONTO WEST

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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### NATURE OF OPERATIONS

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).

### 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) **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 amount 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.

b) **Cash and Cash Equivalents**

Cash and cash equivalents consists of bank balances.

c) **Temporary Investments**

Temporary investments consists of short-term liquid investments.

d) **Capital Assets**

Capital assets are recorded at cost. 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>
Computer equipment	30%	declining balance
Furniture and fixtures	20%	declining balance
Leasehold improvements	3 years	straight-line
Sound equipment	30%	declining balance
Vehicles	30%	declining balance



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# HOPE CHURCH TORONTO WEST

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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### 1. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### e) Impairment of Capital Assets

When a capital asset no longer has any long-term service potential to the Church, the excess of its net carrying amount over any residual value is recognized as an expense in the Invested in Capital Assets Fund.

#### f) Revenue Recognition

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

#### 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.

#### h) Financial Instruments

##### Measurement of Financial Instruments

The Church initially measures its financial assets and liabilities at fair value. The Church subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and temporary investments. Financial liabilities 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.

**HOPE CHURCH TORONTO WEST**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**2. CASH**

Cash is allocated as follows:

	2021	2020
Cash - unrestricted	\$ 100,442	\$ 6,628,511
Cash - internally restricted	<u>40,069</u>	<u>66,556</u>
	<u>\$ 140,511</u>	<u>\$ 6,695,067</u>

**3. TEMPORARY INVESTMENTS**

Temporary investments consist of a cashable GIC as follows:

	2021	2020
TD GIC, 0.50%, matured December 17, 2021	\$ -	\$ 500,000
TD GIC, 0.46%, maturing February 1, 2022	2,000,000	-
TD GIC, 0.49%, maturing February 1, 2022	1,600,000	-
TD GIC, 0.61%, maturing June 16, 2022	400,000	-
TD GIC, 0.50%, maturing August 4, 2022	<u>2,900,000</u>	<u>-</u>
	<u>\$ 6,900,000</u>	<u>\$ 500,000</u>

**4. CAPITAL ASSETS**

Capital assets consist of the following:

	2021			2020
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 27,814	\$ 19,544	\$ 8,270	\$ 9,859
Furniture and fixtures	18,698	12,090	6,608	6,623
Leasehold improvements	36,898	36,898	-	-
Sound equipment	106,744	90,056	16,688	22,059
Vehicles	<u>11,693</u>	<u>8,864</u>	<u>2,829</u>	<u>11,997</u>
	<u>\$ 201,847</u>	<u>\$ 167,452</u>	<u>\$ 34,395</u>	<u>\$ 50,538</u>

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# HOPE CHURCH TORONTO WEST

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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### 5. COMMITMENTS

The Church has entered into operating leases for its office space and photocopier. These leases have expiry dates ranging from 2022 – 2023. Future minimum annual rental payments (excluding property taxes, maintenance, and insurance) for each of the next two years are as follows:

2022	\$ 26,283
2023	<u>3,376</u>
	<u>\$ 29,659</u>

Property taxes, maintenance, and insurance are currently approximately \$20,420 per year.

### 6. ALLOCATIONS AND RESTRICTIONS

During the year, an allocation of \$5,869 (2020 - \$20,061) was made to Invested in Capital Assets Fund for the purchase of equipment. Another allocation of \$3,800 (2020 - \$36,040) was made to Internally Restricted net assets for future ministry purposes.

The balances in both the Invested in Capital Assets and the Internally Restricted allocations of net assets are designated by the Church for future expenditures, to be used in a manner consistent with the objectives of the ministry.

### 7. 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, 2021:

#### a) 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, and by generating sufficient cash flow from operations. There has been no change in the assessment of liquidity risk from the prior year.

#### b) 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:

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**HOPE CHURCH TORONTO WEST**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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7. **FINANCIAL INSTRUMENTS** - Continued

b) **Market Risk** - Continued

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 manages its temporary investments based on its cash flow needs and with a view to optimizing its investment income. The Church has invested its excess cash in temporary investments as the means for managing its interest rate risk. The exposure to this risk fluctuates as the Church's investments change from year to year.

8. **COVID-19 AND GOVERNMENT ASSISTANCE**

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. In an effort to control the spread of the virus, the Ontario government placed societal restrictions on group gatherings which have significantly impacted the Organization's operations throughout the year. The Church has taken steps to mitigate the financial impact of the pandemic including taking advantage of government emergency assistance as described below. The pandemic and its effects continue to cause uncertainty regarding the Church's future cash flows and continued social distancing measures could impact future operations. As at the date of the independent auditor's report, it is impracticable for the Church to quantify this impact on future operations.

During the year, the Church reduced their payroll remittances by \$nil (2020 - \$9,120), under the federal government's Temporary Wage Subsidy relief program.