
HOPE CHURCH TORONTO WEST
FINANCIAL STATEMENTS
DECEMBER 31, 2023

INDEX

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

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, 2023 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, 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, 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 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 net assets 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.

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.

Norton McMullen LLP

NORTON McMULLEN LLP

Chartered Professional Accountants, Licensed Public Accountants

MARKHAM, Canada

May 22, 2024

HOPE CHURCH TORONTO WEST

STATEMENT OF FINANCIAL POSITION

As at December 31,

2023

2022

ASSETS

Current

Cash (Note 2)	\$ 164,366	\$ 233,527
Investments (Note 3)	2,500,000	6,600,000
Accounts receivable	5,687	-
Interest receivable	60,495	18,486
HST recoverable	7,663	8,235
Prepaid expenses	9,582	11,723
	<u>\$ 2,747,793</u>	<u>\$ 6,871,971</u>

Long-term investments (Note 3)

4,250,000 -

Capital Assets (Note 4)

31,873 34,969

\$ 7,029,666 \$ 6,906,940

LIABILITIES

Current

Accounts payable and accrued liabilities	\$ 31,547	\$ 36,154
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NET ASSETS

6,998,119 6,870,786

\$ 7,029,666 \$ 6,906,940

Commitments (Note 5)

Approved by the Board:

_____ Director

_____ Director

HOPE CHURCH TORONTO WEST

STATEMENT OF CHANGES IN NET ASSETS

For the year ended December 31,

2023

2022

	Invested in Capital Assets (Note 6)	Internally Restricted (Note 6)	Unrestricted	Total	Total
BALANCE - Beginning	\$ 34,969	\$ 44,111	\$ 6,791,706	\$ 6,870,786	\$ 7,098,283
Excess (deficiency) of revenues over expenses	(11,010)	16,000	122,343	127,333	(227,497)
Net asset transfer allocations (Note 6)	<u>7,914</u>	<u>28,351</u>	<u>(36,265)</u>	<u>-</u>	<u>-</u>
BALANCE - Ending	<u>\$ 31,873</u>	<u>\$ 88,462</u>	<u>\$ 6,877,784</u>	<u>\$ 6,998,119</u>	<u>\$ 6,870,786</u>

See accompanying notes

- 4 -

HOPE CHURCH TORONTO WEST

STATEMENT OF OPERATIONS

For the year ended December 31,

2023

2022

REVENUES

Contributions	\$ 717,393	\$ 653,240
Interest income	<u>303,797</u>	<u>85,835</u>
	<u>\$ 1,021,190</u>	<u>\$ 739,075</u>

EXPENSES

Personnel	\$ 489,453	\$ 562,322
Missions	166,651	168,416
Building and property	127,504	138,854
Administration	56,287	51,691
Ministries	42,952	31,690
Amortization	11,010	10,769
Loss on disposition of capital assets	-	2,830
	<u>\$ 893,857</u>	<u>\$ 966,572</u>

EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES

\$ 127,333 \$ (227,497)

See accompanying notes

- 5 -

HOPE CHURCH TORONTO WEST

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	\$ 127,333	\$ (227,497)
Items not affecting cash:		
Amortization	11,010	10,769
Loss on disposition of capital assets	-	2,830
	<u>\$ 138,343</u>	<u>\$ (213,898)</u>
Net change in non-cash working capital balances:		
Accounts receivable	(5,687)	21,516
Interest receivable	(42,009)	(1,543)
HST recoverable	572	(379)
Prepaid expenses	2,141	(2,080)
Accounts payable and accrued liabilities	(4,607)	3,572
	<u>\$ 88,753</u>	<u>\$ (192,812)</u>

INVESTING ACTIVITIES

Purchase of capital assets	\$ (10,024)	\$ (15,422)
Proceeds of disposition of capital assets	2,110	1,250
Net redemption (purchase) of investments	(150,000)	300,000
	<u>\$ (157,914)</u>	<u>\$ 285,828</u>

INCREASE (DECREASE) IN CASH

\$ (69,161) \$ 93,016

CASH - Beginning

233,527 140,511

CASH - Ending

\$ 164,366 \$ 233,527

See accompanying notes

- 6 -

HOPE CHURCH TORONTO WEST

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

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) 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

HOPE CHURCH TORONTO WEST

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

d) 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 carrying amount, the net carrying amount of the tangible capital asset is written down to the asset's fair value or replacement cost.

e) 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.

f) 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.

g) 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 financial liabilities at amortized cost.

Financial assets subsequently measured at amortized cost include cash, investments, accounts receivable and interest receivable. 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 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, 2023

2. CASH

Cash is allocated as follows:

	2023	2022
Cash - unrestricted	\$ 75,904	\$ 189,416
Cash - internally restricted	<u>88,462</u>	<u>44,111</u>
	<u>\$ 164,366</u>	<u>\$ 233,527</u>

3. INVESTMENTS

Investments consist of the following cashable, fixed income GICs and term deposits:

	2023	2022
TD term deposit, 4.60%, maturing December 8, 2025	\$ 2,250,000	\$ -
TD term deposit, 4.70%, maturing December 8, 2025	1,000,000	-
TD term deposit, 5.50%, maturing September 6, 2024	1,000,000	-
TD term deposit, 5.50%, maturing September 6, 2024	1,000,000	-
TD GIC, 4.70%, maturing December 8, 2025	500,000	-
TD GIC, 4.70%, maturing December 8, 2025	500,000	-
TD term deposit, 5.00%, maturing June 7, 2024	400,000	-
TD term deposit, 5.50%, maturing September 6, 2024	100,000	-
TD GIC, 4.70%, matured December 8, 2023	-	1,000,000
TD GIC, 4.70%, matured December 8, 2023	-	1,000,000
TD term deposit, 4.50%, matured December 8, 2023	-	1,000,000
TD term deposit, 4.50%, matured December 8, 2023	-	1,000,000
TD term deposit, 4.30%, matured September 7, 2023	-	1,000,000
TD term deposit, 4.30%, matured September 7, 2023	-	1,000,000
TD term deposit, 4.15%, matured June 8, 2023	-	500,000
TD term deposit, 4.10%, matured March 16, 2023	-	100,000
	<u>\$ 6,750,000</u>	<u>\$ 6,600,000</u>
Less: Current portion	<u>2,500,000</u>	<u>6,600,000</u>
	<u>\$ 4,250,000</u>	<u>\$ -</u>

HOPE CHURCH TORONTO WEST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

4. CAPITAL ASSETS

Capital assets consist of the following:

	2023			2022
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 30,866	\$ 24,144	\$ 6,722	\$ 4,914
Furniture and fixtures	23,892	15,721	8,171	8,950
Leasehold improvements	36,898	36,898	-	-
Sound equipment	115,985	102,914	13,071	21,105
Vehicles	4,599	690	3,909	-
	<u>\$ 212,240</u>	<u>\$ 180,367</u>	<u>\$ 31,873</u>	<u>\$ 34,969</u>

5. COMMITMENTS

The Church has entered into operating leases for its office space and photocopier. These leases have expiry dates ranging from 2024 – 2028. Future minimum annual rental payments (excluding property taxes, maintenance, and insurance) for each of the next five years are as follows:

2024	\$ 24,899
2025	1,992
2026	1,992
2027	1,992
2028	996
	<u>\$ 31,871</u>

Property taxes, maintenance, and insurance are currently approximately \$14,307 per year.

6. NET ASSET ALLOCATIONS AND RESTRICTIONS

During the year, an allocation of \$7,914 (2022 - \$4,915) was made to Invested in Capital Assets Fund representing the cost of acquisition of capital assets in excess of proceeds of dispositions received, plus an additional adjustment to bring the fund allocation in line with the net book value of capital assets. Another allocation of \$28,351 (2022 - \$24,042) was made to Internally Restricted net assets for future ministry purposes.

The balance in the Internally Restricted allocation of net assets is designated by the Church for future expenditures, to be used in a manner consistent with the objectives of the ministry.

HOPE CHURCH TORONTO WEST

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

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, 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. There has been no change in the assessment of credit risk from the prior year.

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:

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 fixed income investments based on its cash flow needs and with a view to optimizing its investment income. The Church has invested its excess cash in 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.