

---

**KING'S COMMUNITY CHURCH OAKVILLE**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

**INDEX**

- Page 1. Independent Practitioner's Review Engagement Report**
- 2. Statement of Financial Position**
- 3. Statement of Changes in Fund Balances**
- 4. Statement of Operations**
- 5. Statement of Cash Flows**
- 6-10. Notes to Financial Statements**

## INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members  
King's Community Church Oakville  
OAKVILLE  
Ontario

We have reviewed the accompanying financial statements of King's Community Church Oakville that comprise the statement of financial position as at June 30, 2020, and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility 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.

### *Practitioner's Responsibility*

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of King's Community Church Oakville as at June 30, 2020, 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.



NORTON McMULLEN LLP  
Chartered Professional Accountants  
Licensed Public Accountants

MARKHAM, Canada  
October 26, 2020

---

# KING'S COMMUNITY CHURCH OAKVILLE

## STATEMENT OF FINANCIAL POSITION

As at June 30,	2020	2019
<b>ASSETS</b>		
<b>Current</b>		
Cash (Note 2)	\$ 2,655	\$ 7,055
HST refundable	1,441	2,414
Prepaid expenses	-	145
	<u>\$ 4,096</u>	<u>\$ 9,614</u>
<b>Capital Assets (Note 3)</b>	<u>3,722</u>	<u>4,660</u>
	<u>\$ 7,818</u>	<u>\$ 14,274</u>

---

## LIABILITIES

### Current

Accounts payable and accrued liabilities (Note 4)	\$ 2,709	\$ 8,167
---	----------	----------

## FUND BALANCES

General Fund	\$ 3,180	\$ 3,322
Designated Fund	1,929	2,785
	<u>\$ 5,109</u>	<u>\$ 6,107</u>
	<u>\$ 7,818</u>	<u>\$ 14,274</u>

## Commitments (Note 6)

---

Approved by the Board:

  

---

**KING'S COMMUNITY CHURCH OAKVILLE**  
**STATEMENT OF CHANGES IN FUND BALANCES**

For the year ended June 30,

2020

2019

	GENERAL FUND	DESIGNATED FUND	TOTAL	TOTAL
<b>FUND BALANCE - Beginning</b>	\$ 3,322	\$ 2,785	\$ 6,107	\$ 16,017
Excess (deficiency) of revenues over expenses	(2,142)	1,144	(998)	(9,910)
Transfer (Note 5)	<u>2,000</u>	<u>(2,000)</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - Ending</b>	<u>\$ 3,180</u>	<u>\$ 1,929</u>	<u>\$ 5,109</u>	<u>\$ 6,107</u>

---

**KING'S COMMUNITY CHURCH OAKVILLE****STATEMENT OF OPERATIONS**

For the year ended June 30,

**2020****2019**

---

	<b>General Fund</b>	<b>Designated Fund</b>	<b>Total</b>	<b>Total</b>
<b>REVENUES</b>				
Ministry contributions	\$ 195,829	\$ -	\$ 195,829	\$ 213,950
Designated contributions - grant	-	9,000	9,000	2,502
Designated contributions - missions	-	5,708	5,708	1,848
Rental income	5,000	-	5,000	-
Interest income	-	-	-	1
<b>TOTAL REVENUES</b>	<b>\$ 200,829</b>	<b>\$ 14,708</b>	<b>\$ 215,537</b>	<b>\$ 218,301</b>
<b>CHURCH OPERATIONS</b>				
Ministry	\$ 153,286	\$ -	\$ 153,286	\$ 155,662
Property and maintenance	37,358	-	37,358	48,450
Community engagement	-	7,000	7,000	2,502
Finance and administration	4,414	-	4,414	4,047
Christian education	3,908	-	3,908	4,803
Amortization	938	-	938	1,174
Communication and fellowship	503	-	503	1,201
Bank charges	439	-	439	523
	<b>\$ 200,846</b>	<b>\$ 7,000</b>	<b>\$ 207,846</b>	<b>\$ 218,362</b>
<b>MISSIONS</b>				
Home	\$ 2,125	\$ 3,864	\$ 5,989	\$ 3,781
Foreign	-	2,700	2,700	6,068
	<b>\$ 2,125</b>	<b>\$ 6,564</b>	<b>\$ 8,689</b>	<b>\$ 9,849</b>
<b>TOTAL EXPENSES</b>	<b>\$ 202,971</b>	<b>\$ 13,564</b>	<b>\$ 216,535</b>	<b>\$ 228,211</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>\$ (2,142)</b>	<b>\$ 1,144</b>	<b>\$ (998)</b>	<b>\$ (9,910)</b>

---

# KING'S COMMUNITY CHURCH OAKVILLE

## STATEMENT OF CASH FLOWS

For the year ended June 30,

2020

2019

---

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

#### OPERATING ACTIVITIES

Deficiency of revenues over expenses	\$	(998)	\$	(9,910)
Items not affecting cash:				
Amortization		<u>938</u>		<u>1,174</u>
	\$	<u>(60)</u>	\$	<u>(8,736)</u>

#### Net change in non-cash working capital balances:

HST refundable	\$	973	\$	56
Prepaid expenses		145		(140)
Accounts payable and accrued liabilities		<u>(5,458)</u>		<u>4,505</u>
	\$	<u>(4,340)</u>	\$	<u>4,421</u>

#### DECREASE IN CASH

\$ (4,400) \$ (4,315)

#### CASH - Beginning

7,055 11,370

#### CASH - Ending

\$ 2,655 \$ 7,055

---

# KING'S COMMUNITY CHURCH OAKVILLE

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

---

### NATURE OF OPERATIONS

King's Community Church Oakville (the "Church") exists to preach and advance the Christian faith through teaching and ministry and to evangelize at home and abroad. The Church is incorporated federally and received its certificate of continuance under the Canada Not-for-profit Corporations Act on October 17, 2014. The Church is a registered charity under the Income Tax Act and as such is exempt from income taxes.

### 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 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.

#### b) Fund Accounting

Resources are classified into funds according to the activity or objective specified as follows:

**The General Fund** reports assets, liabilities, revenues and expenses for the operating activities of the Church.

**The Designated Fund** reports the assets, liabilities, revenues and expenses for designated donations which are restricted externally by contributors for missions, church operations, and other various purposes.

#### c) 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 and interest income is recognized as revenue in the General Fund when it is earned.

#### d) Cash and Cash Equivalents

Cash and cash equivalents consists of cash in the bank.

---

# KING'S COMMUNITY CHURCH OAKVILLE

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

---

### 1. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### e) Capital Assets

Capital assets are recorded at cost. Amortization is 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
Audio equipment	20%	declining balance

#### f) 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 General Fund.

#### g) Contributed Services

A substantial number of unpaid volunteers have made significant contributions of their time toward the operations of the Church. 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 includes cash. 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 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.



---

# KING'S COMMUNITY CHURCH OAKVILLE

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

---

### 2. CASH

Cash consists of the following:

	2020	2019
Unrestricted	\$ 726	\$ 4,270
Restricted - Designated Fund	<u>1,929</u>	<u>2,785</u>
	<u>\$ 2,655</u>	<u>\$ 7,055</u>

### 3. CAPITAL ASSETS

Capital assets consist of the following:

	2020			2019
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 1,068	\$ 1,029	\$ 39	\$ 56
Furniture and fixtures	616	500	116	145
Audio equipment	<u>17,901</u>	<u>14,334</u>	<u>3,567</u>	<u>4,459</u>
	<u>\$ 19,585</u>	<u>\$ 15,863</u>	<u>\$ 3,722</u>	<u>\$ 4,660</u>

### 4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances payable of \$Nil (2019 - \$2,750).

### 5. TRANSFER

As a result of the COVID-19 pandemic, the Church was unable to use all of its grant funding for its specified purpose. The funder has allowed the Church to use the unused portion of the grant funding for mission and general ministry purposes. The Church has transferred \$2,000 in unused funding from the Designated Fund to the General Fund.

---

# KING'S COMMUNITY CHURCH OAKVILLE

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

---

### 6. COMMITMENTS

The Church has entered into a renewal of its operating lease agreement for the rental of premises which expires in June 2022. Future minimum annual payment requirements under the lease agreement (excluding HST) are as listed below. However, as a result of the coronavirus pandemic, the terms of the lease agreement have been temporarily suspended with the Church paying monthly rent based on usage (Note 8).

2021	\$ 51,541
2022	<u>53,087</u>
	<u>\$ 104,628</u>

### 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 June 30, 2020:

#### 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.

#### 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 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 not exposed to significant market risk.

---

# KING'S COMMUNITY CHURCH OAKVILLE

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

---

### 8. COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. This event has caused uncertainty regarding the Church's future cash flows as social distancing may significantly impact the Church's revenues. As at the date of the independent practitioner's review engagement report, it is impractical for the Church to quantify this impact. As discussed in Note 6, the Church's rental commitment has been waived during the pandemic. As a result, subsequent to the year-end, the Church is paying for space monthly based on usage.