

LAKESIDE BIBLE CHURCH
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

CONTENTS

	Page
Independent auditor's report	1 - 2
Statement of financial position	3
Statement of changes in net assets	4
Statement of operations	5
Statement of cash flows	6
Notes to financial statements	7 - 12



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Lakeside Bible Church:

Qualified Opinion

We have audited the financial statements of Lakeside Bible Church ("the church"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, changes in net assets and 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 possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Lakeside Bible Church as at December 31, 2023, and its financial performance 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 organization derives revenues from various sources, the completeness of which is not susceptible to satisfactory audit verification. Due to the nature of transactions involving cash transactions it is impractical through auditing procedures to determine that accounting records include all cash donations in revenue. Accordingly, our verification of the revenues was limited to the amounts recorded in the records for Lakeside Bible Church and we were not able to determine whether as at and for the year ended December 31, 2023, any adjustments that might be necessary to revenues, excess (deficiency) of revenues over expenses, assets and fund balances.

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 church in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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.

Other Matter

The financial statements of the church for the year ended December 31, 2022, were audited by a predecessor auditor who expressed an unmodified opinion on those financial statements on March 27, 2023.

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.

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 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.
- 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.

Caissa LLP

Guelph, Ontario
April 29, 2024

Caissa LLP
Chartered Professional Accountants
Licensed Public Accountants

LAKESIDE BIBLE CHURCH
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash and cash equivalent (note 2)	\$ 132,790	\$ 19,057
Accounts receivable	18,922	150
Interest receivable	2,701	436
Government remittances recoverable	12,013	12,405
Prepaid expenses and deposits	2,148	1,311
Due from Lakeside Child Care Centre (note 3)	<u>31,629</u>	<u>54,185</u>
	200,203	87,544
RESTRICTED CASH AND CASH EQUIVALENT (note 2)	57,806	167,979
RESTRICTED GUARENTEED INVESTMENT CERTIFICATE (note 4)	25,000	25,000
PROPERTY AND EQUIPMENT (note 5)	<u>3,424,423</u>	<u>3,585,209</u>
	<u>\$ 3,707,432</u>	<u>\$ 3,865,732</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 61,509	\$ 60,346
Government remittances payable	13,587	17,846
Deferred revenues (note 6)	40,599	28,919
Current portion of mortgage payable (note 7)	<u>94,539</u>	<u>91,660</u>
	210,234	198,771
LONG-TERM		
Mortgage payable (note 7)	<u>1,653,632</u>	<u>1,717,596</u>
	<u>1,863,866</u>	<u>1,916,367</u>
NET ASSETS		
GENERAL PURPOSE FUND (UNRESTRICTED)	24,002	(19,900)
CAPITAL ASSETS FUND (INTERNALLY RESTRICTED)	1,676,252	1,775,953
WORKING CAPITAL FUND (INTERNALLY RESTRICTED)	143,415	193,415
MISSION PURPOSES FUND (EXTERNALLY RESTRICTED)	<u>(103)</u>	<u>(103)</u>
	<u>1,843,566</u>	<u>1,949,365</u>
	<u>\$ 3,707,432</u>	<u>\$ 3,865,732</u>

APPROVED ON BEHALF OF THE BOARD:

_____ Director

_____ Director

(See accompanying notes to financial statements)

LAKESIDE BIBLE CHURCH

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2023

	General Purpose Fund (Unrestricted)	Capital Asset Fund (Internally Restricted)	Working Capital Fund (Internally Restricted)	Mission Purposes Fund (Externally Restricted)	2023 TOTAL	2022 TOTAL
NET ASSETS (DEFICIT) - BEGINNING OF YEAR	\$ (19,900)	\$ 1,775,953	\$ 193,415	\$ (103)	\$1,949,365	\$2,201,855
Excess of expenses over revenues	(105,799)				(105,799)	(252,490)
Interfund transfers (Note 8)	149,701	(99,701)	(50,000)		-	-
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ 24,002</u>	<u>\$ 1,676,252</u>	<u>\$ 143,415</u>	<u>\$ (103)</u>	<u>\$1,843,566</u>	<u>\$1,949,365</u>

(See accompanying notes to financial statements)

LAKESIDE BIBLE CHURCH
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
REVENUES		
General donations (note 3)	\$ 976,300	\$ 1,109,947
Self supporting ministries	99,272	85,532
Lakeside Downtown	-	28,968
Rental revenue (note 3)	78,599	68,486
Missions donations	-	8,633
Community impact donations	8,030	6,532
Miscellaneous	4,715	2,713
Building donations	<u>10</u>	<u>2,000</u>
	<u>1,166,926</u>	<u>1,312,811</u>
EXPENSES		
Program, ministry and salaries (note 3)	615,407	850,655
Property	222,127	242,581
Self supporting ministries	81,980	82,635
Administration	38,323	40,309
Lakeside downtown	-	26,129
Community care and integration	17,489	19,904
Missions	-	12,800
Community impact	6,774	6,629
Youth ministries	2,547	2,969
Lakeside kids	2,455	2,749
Building account	612	1,875
Maturity	662	1,373
Refugee food expenses	<u>-</u>	<u>22</u>
	<u>988,376</u>	<u>1,290,630</u>
EXCESS OF REVENUES OVER EXPENSES BEFORE THE FOLLOWING	178,550	22,181
OTHER INCOME (EXPENSES)		
Gain on disposal of equipment	-	467
Interest income	5,391	997
Loan write off (note 3)	(20,000)	-
Interest on mortgage	(96,130)	(92,837)
Amortization	<u>(173,610)</u>	<u>(183,298)</u>
EXCESS OF EXPENSES OVER REVENUES	<u>\$ (105,799)</u>	<u>\$ (252,490)</u>

(See accompanying notes to financial statements)

LAKESIDE BIBLE CHURCH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of expenses over revenues	\$ (105,799)	\$ (252,490)
Charges to expenses over revenues not requiring cash:		
Gain on disposal of equipment	-	(467)
Amortization	173,610	183,298
Loan write off	<u>20,000</u>	<u>-</u>
	87,811	(69,659)
CHANGES IN NON-CASH WORKING CAPITAL		
Increase in accounts receivable	(18,772)	(150)
Increase in interest receivable	(2,265)	(436)
Decrease in government remittances recoverable	392	-
(Increase) decrease in prepaid expenses and deposits	(836)	976
Increase in accounts payable and accrued liabilities	1,161	14,395
Increase in deferred revenues	11,681	20,343
(Decrease) increase in government reimttnances payable	<u>(4,259)</u>	<u>4,093</u>
Cash from (used in) operating activities	<u>74,913</u>	<u>(30,438)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of mortgage	(61,085)	(87,199)
Advances from related party	21,062	3,936
Repayments to related party	<u>(18,506)</u>	<u>-</u>
Cash used in financing activities	<u>(58,529)</u>	<u>(83,263)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(12,824)	(25,145)
Proceeds on disposal of property and equipment	-	800
Purchases of guaranteed investment certificate	<u>-</u>	<u>(25,000)</u>
Cash used in investing activities	<u>(12,824)</u>	<u>(49,345)</u>
INCREASE (DECREASE) IN CASH	3,560	(163,046)
CASH, beginning	<u>187,036</u>	<u>350,082</u>
CASH, ending	<u><u>\$ 190,596</u></u>	<u><u>\$ 187,036</u></u>
REPRESENTED BY:		
Cash and cash equivalents	\$ 132,790	\$ 19,057
Restricted cash and cash equivalents	<u>57,806</u>	<u>167,979</u>
	<u><u>\$ 190,596</u></u>	<u><u>\$ 187,036</u></u>

(See accompanying notes to financial statements)

LAKESIDE BIBLE CHURCH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Lakeside Bible Church ("church") is a not-for-profit organization incorporated without share capital and is a registered charity. The church's primary purpose is to promote and teach the gospel of Jesus Christ to the world. The organization is registered with Canada Revenue Agency as a charitable organization and is therefore exempt from income taxes under section 149(1)(f) of the Income Tax Act.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Cash and cash equivalent

Cash and cash equivalent includes deposits held at a major financial institution net of outstanding cheques and outstanding deposits and guaranteed investment certificates.

Internally restricted cash and cash equivalent consists of funds that have been designated as restricted for future use by either the board or management, to be used only with approval of the board or management dependent on the nature of the funding.

Externally restricted cash consists of funds that have been designated as restricted by third parties, to be spent only for expenditures it is restricted to.

(b) Property and equipment

Property and equipment are recorded at cost less accumulated amortization and is amortized over its estimated useful life on a declining balance basis. Amortization is provided at the following annual rates:

Building	- 5% declining-balance basis
Furniture and equipment	- 20% declining-balance basis
Computer equipment	- 55% declining-balance basis
Paving	- 8% declining-balance basis

Amortization is calculated at one-half of the normal rate in the year of acquisition.

(c) Fund accounting

The church follows the deferral method of accounting for contributions.

The General Purpose Fund accounts for the church's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Capital Assets Fund reports the assets, liabilities, revenue and expenditures related to the church's capital assets.

The Working Capital Fund consists of funds that have been designated as restricted for future use by the board, to be used only with the approval of the board.

The Mission Purposes Fund reports revenue and expenditures for the church's mission activities.

continued....

LAKESIDE BIBLE CHURCH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

(d) Revenue recognition

The organization follows the deferral method in accounting for contributions.

Restricted contributions are recognized as revenue in the period in which the related expenses are incurred. Unrestricted contributions are recognized as revenue or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions for the purchase of capital assets are recognized as revenue over time on the same basis as the underlying capital assets are amortized.

Donations revenues consist of restricted and non-restricted donations and fundraising amounts and are recorded when received. Restricted amounts related to future fiscal years are recorded as deferred revenue.

Self supporting ministries consists of restricted revenues and restricted donations for various programming and are recorded when received. Amounts related to future fiscal years are recorded as deferred revenue.

Rental revenue is recognized as revenue or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Amounts related to future fiscal years are recorded as deferred revenue.

Miscellaneous revenue consists of donations in kind and restricted donations for the purchase of equipment. Donations in kind are recognized when received and restricted donations for the purchase of equipment are recognized over time on the same basis as the underlying assets are amortized.

(e) Contributed materials and services

Contributed materials and services are recognized in the financial statements only when fair value can be reasonably estimated and when the materials and services are used in the normal course of the church's operations and would have otherwise been purchased.

(f) Financial instruments

The church initially measures its financial assets and liabilities at fair value except for certain non-arm's length transactions. The church subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash and cash equivalents including restricted cash, accounts receivable, interest receivables and due from Lakeside Child Care Centre. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and mortgage payable.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment and any write-down is recognized in excess of expenses over revenues in the period when such impairment occurs. In subsequent periods, any previously recognized impairment loss may be reversed, provided that the reversal is no greater than the amount of impairment previously recognized. The amount of any reversal is recognized in excess of expenses over revenues.

(g) Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires the church's management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes to the financial statements. Items material to the financial statements that require the use of estimates include determination of the useful lives of property and equipment. Actual results may differ from these estimates.

LAKESIDE BIBLE CHURCH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of the following guaranteed investment certificates:

	2023	2022
One year cashable GIC, interest calculated at the prime rate, maturing June 3, 2024 (Internally restricted)	\$ 54,103	-
One year non-redeemable GIC - redeemed during the year	-	\$ 78,295
One year cashable GIC - redeemed during the year	-	8,207
One year cashable GIC - redeemed during the year	<u>-</u>	<u>25,081</u>
	<u>\$ 54,103</u>	<u>\$ 111,583</u>

Cash and cash equivalents totaling \$132,790 consists of - externally restricted cash of \$10,000, an Anti-Hate grant received from the Province of Ontario that will cover the cost of purchase and installation of security cameras for the premises, and - internally restricted cash of \$19,300 to support future self-supporting ministries activities and \$2,400 to offset the costs of future equipment purchases.

Restricted cash and cash equivalent totaling \$57,806 includes internally restricted cash equivalent of \$54,103, which is a BoD directed GIC for the future use, and externally restricted accumulated cash contribution of \$3,703 to offset cost of future mission expenses.

3. RELATED PARTY TRANSACTIONS

Related party transactions includes transactions with:

Lakeside Child Care Centre - common Board of Directors
Board of Directors - directors of the Church

Due from related party:

	2023	2022
Lakeside Child Care Centre - demand loan	\$ 30,000	\$ 54,000
Lakeside Child Care Centre - advances	<u>1,629</u>	<u>185</u>
	<u>\$ 31,629</u>	<u>\$ 54,185</u>

Advances and the demand loan to the related party are non-interest bearing. The advances and the demand loan are expected to be settled by December 31, 2024.

The following related party transactions occurred:

	2023	2022
Donations received from Board members	\$ 50,750	\$ 69,025
Rental revenue	\$ 16,800	\$ 13,750
Loan write off	\$ 20,000	-

These related party transactions were made in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

LAKESIDE BIBLE CHURCH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

4. RESTRICTED GUARENTEED INVESTMENT CERTIFICATE

The company holds a 2 year non-redeemable guaranteed investment certificate which bears interest at 3.00% per annum, maturing June 2, 2024.

The guaranteed investment certificate is restricted to future use by the Board of Directors.

5. PROPERTY AND EQUIPMENT

		2023		2022
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Building	\$ 7,371,015	\$ 4,478,235	\$ 2,892,780	\$ 3,045,032
Furniture and equipment	1,060,327	982,854	77,473	82,414
Computer equipment	12,937	10,091	2,846	6,324
Paving	8,452	7,128	1,324	1,439
Land	<u>450,000</u>	<u>-</u>	<u>450,000</u>	<u>450,000</u>
	<u>\$ 8,902,731</u>	<u>\$ 5,478,308</u>	<u>\$ 3,424,423</u>	<u>\$ 3,585,209</u>

6. DEFERRED REVENUES

Deferred revenues consists of restricted donations for Celebrate Recovery and Grief Walk Golf donations as well as a government grant.

	2023	2022
Deferred revenue - opening balance	\$ 28,919	\$ 8,576
Less: amounts recognized as revenue in the year	(44,137)	(20,156)
Add: amounts received for the subsequent year	45,817	40,499
Add: an amount received for a government grant for the subsequent year	<u>10,000</u>	<u>-</u>
Deferred revenue - ending balance	<u>\$ 40,599</u>	<u>\$ 28,919</u>

7. MORTGAGE PAYABLE

	2023	2022
Mortgage payable, bearing interest at 5% per annum, repayable in monthly blended payments of \$15,003. Due January 2027. Secured by real property with a carrying value of \$3,342,780.	\$ 1,748,171	\$ 1,809,256
Less scheduled repayments due within one year	<u>94,539</u>	<u>91,660</u>
	<u>\$ 1,653,632</u>	<u>\$ 1,717,596</u>

Scheduled principal repayments are as follows:

2024	\$ 94,539
2025	99,622
2026	104,719
2027	<u>1,449,291</u>
	<u>\$ 1,748,171</u>

LAKESIDE BIBLE CHURCH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

8. INTERFUND TRANSFERS

The Capital Assets Fund transferred \$99,701 (2022 - \$71,288) to the General Purpose Fund to account for amortization, the purchase of assets, and mortgage payments during the year. The Mission Purposes Fund transferred \$nil (2022 - \$4,167) to the General Purpose Fund for the excess of expenses over revenues related to mission activities. There was also a transfer of \$50,000 (2022 - \$96,000) from the Working Capital Fund to the General Purpose Fund for general operating expense purposes.

9. FINANCIAL INSTRUMENT RISKS

(a) Credit risk

Credit risk is the risk that other parties may default on their financial obligations.

The church is exposed to credit risk on its cash and cash equivalents, accounts receivable, interest receivable, due from related party, and internally restricted cash and cash equivalents and externally restricted cash balances.

Credit risk associated with cash and cash equivalents, internally restricted cash and cash equivalents, and externally restricted cash are minimized substantially by ensuring that the assets are invested with a major financial institution.

Credit risk associated with accounts receivable and interest receivables is minimized by not having significant exposure to any individual customer as the church has adopted credit policies that include the analysis of the amounts outstanding and regular review of the credit standings. Management has included adequate provision for doubtful accounts receivable in these financial statements.

Credit risk associated with amounts due from related party is managed by regularly monitoring the cash flow needs of the related party to ensure that their liquidity is reasonable and that their operations continue to financially support the amounts advanced.

(b) Liquidity risk

Liquidity risk refers to the risk that the church will not be able to meet a demand for cash or fund its obligations as they come due. Liquidity risk also includes the risk of the church not being able to liquidate assets in a timely manner at a reasonable price.

The church meets its liquidity requirements by monitoring cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

(c) Currency risk

Currency risk refers to the risk that the fair value of financial instruments will fluctuate in value relative to the Canadian dollar due to changes in foreign exchange rates.

The church is not exposed to currency risk.

(d) Interest rate risk

Interest rate risk refers to the risk that the fair value of the financial instruments will fluctuate due to changes in market interest rates.

The church is not exposed to significant interest rate risk.

continued....

LAKESIDE BIBLE CHURCH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

9. FINANCIAL INSTRUMENT RISKS - continued

(e) Other price risk

Other price risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer, or factors affecting all instruments traded in the market.

The church is not exposed to other price risk.

(f) Market risk

Market risk refers to the risk that the fair value of financial instruments will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

The church is not exposed to market risk.

The extent of the church's exposure to the above risks did not change significantly in 2023.

10. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with the presentation adopted in the current year.