

**LAKEVIEW FREE METHODIST  
CHURCH INC.**

**FINANCIAL STATEMENTS**

---

**FOR THE YEAR ENDED JUNE 30, 2024**

---

## INDEPENDENT AUDITORS' REPORT

To the Members of  
Lakeview Free Methodist Church Inc.

### **Qualified Opinion**

We have audited the accompanying financial statements of Lakeview Free Methodist Church Inc., which comprise the statement of financial position as at June 30, 2024 and the statements of revenue and expenditures, changes in fund balances and cash flows for the year then ended, along with the schedules, 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 Lakeview Free Methodist Church Inc. as at June 30, 2024 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 charitable organizations, the church derives revenue from the general public in the form of donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of revenue was limited to the amounts recorded in the records of the church and we were not able to determine whether any adjustments might be necessary to revenue, excess (deficiency) of revenue over expenditures for the year, 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Lakeview Free Methodist Church Inc. 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 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 Lakeview Free Methodist Church Inc.'s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate Lakeview Free Methodist Church Inc. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Lakeview Free Methodist Church Inc.'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 auditors' 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 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 Lakeview Free Methodist Church Inc.'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 Lakeview Free Methodist Church Inc.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause Lakeview Free Methodist Church Inc. 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.

CHARTERED PROFESSIONAL ACCOUNTANTS  
Saskatoon, SK  
Date

**LAKEVIEW FREE METHODIST CHURCH INC.**

**STATEMENT OF REVENUE AND EXPENDITURES**

**FOR THE YEAR ENDED  
JUNE 30**

	<b>General Fund</b>		<b>Capital Fund</b>		<b>Capital Project</b>		<b>Designated Funds</b>		<b>Total</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>REVENUE</b>										
Offerings and donations -										
General	1,175,660	975,491	-	-	111,026	76,285	-	-	1,286,686	1,051,776
Rentals	364,443	339,010	-	-	-	-	-	-	364,443	339,010
Advent	4,750	64,721	-	-	-	-	65,250	61,528	70,000	126,249
Designated	-	-	-	-	-	-	508,944	38,963	508,944	38,963
Cafe	12,065	8,711	-	-	-	-	-	-	12,065	8,711
Care	500	-	-	-	-	-	-	-	500	-
	1,557,418	1,387,933	-	-	111,026	76,285	574,194	100,491	2,242,638	1,564,709
<b>EXPENDITURES</b>										
Operating (schedule 1)	1,227,834	1,099,303	-	-	-	-	-	-	1,227,834	1,099,303
Program and education (schedule 2)	125,879	116,035	-	-	-	-	-	-	125,879	116,035
Rentals	72,664	58,647	-	-	-	-	-	-	72,664	58,647
Cafe	15,182	9,492	-	-	-	-	-	-	15,182	9,492
Interest on long-term debt	8,774	16,289	-	-	-	-	-	-	8,774	16,289
Designated	-	-	-	-	-	-	42,714	47,440	42,714	47,440
Depreciation	-	-	221,131	219,882	-	-	-	-	221,131	219,882
Advent	-	-	-	-	-	-	65,250	61,528	65,250	61,528
	1,450,333	1,299,766	221,131	219,882	-	-	107,964	108,968	1,779,428	1,628,616
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES FOR THE YEAR</b>										
	107,085	88,167	(221,131)	(219,882)	111,026	76,285	466,230	(8,477)	463,210	(63,907)

**LAKEVIEW FREE METHODIST CHURCH INC.**

**STATEMENT OF CHANGES IN FUND BALANCES**

**FOR THE YEAR ENDED  
JUNE 30**

	General Fund		Capital Fund		Capital Project		Designated Funds		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>BALANCE - BEGINNING OF YEAR</b>	48,041	235,574	4,434,797	4,302,776	-	-	3,701	12,096	<b>4,486,539</b>	<b>4,550,446</b>
Excess (deficiency) of revenue over expenditures for the year	107,085	88,167	(221,131)	(219,882)	111,026	76,285	466,230	(8,477)	<b>463,210</b>	<b>(63,907)</b>
Purchase of tangible capital assets	(10,772)	(59,447)	30,721	59,447	-	-	(19,949)	-	-	-
Repayment of long-term debt	(149,977)	(142,414)	149,977	142,414	-	-	-	-	-	-
One-time repayment of long-term debt	-	(150,042)	-	150,042	-	-	-	-	-	-
Interfund transfer (note 8)	112,602	76,203	-	-	(111,026)	(76,285)	(1,576)	82	-	-
	58,938	(187,533)	(40,433)	132,021	-	-	444,705	(8,395)	<b>463,210</b>	<b>(63,907)</b>
<b>BALANCE - END OF YEAR</b>	106,979	48,041	4,394,364	4,434,797	-	-	448,406	3,701	<b>4,949,749</b>	<b>4,486,539</b>
<b>FUND BALANCES CONSIST OF:</b>										
Invested in tangible capital assets	-	-	4,394,364	4,434,797	-	-	-	-	<b>4,394,364</b>	<b>4,434,797</b>
Restricted funds- Designated funds - externally (schedule 3)	-	-	-	-	-	-	448,406	3,701	<b>448,406</b>	<b>3,701</b>
Unrestricted	106,979	48,041	-	-	-	-	-	-	<b>106,979</b>	<b>48,041</b>
	106,979	48,041	4,394,364	4,434,797	-	-	448,406	3,701	<b>4,949,749</b>	<b>4,486,539</b>

**LAKEVIEW FREE METHODIST CHURCH INC.**

**STATEMENT OF FINANCIAL POSITION**

**AS AT JUNE 30**

	General Fund		Capital Fund		Capital Project		Designated Funds		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>CURRENT ASSETS</b> (notes 5 and 7)										
Cash	124,370	56,128	-	-	70,038	17,063	440,482	10,816	634,890	84,007
Accounts receivable (note 3)	47,391	31,349	-	-	-	-	-	-	47,391	31,349
Prepaid expenses	1,065	1,500	-	-	-	-	-	-	1,065	1,500
	172,826	88,977	-	-	70,038	17,063	440,482	10,816	683,346	116,856
<b>TANGIBLE CAPITAL</b>										
ASSETS (notes 4, 5 and 7)	-	-	4,485,586	4,675,996	-	-	-	-	4,485,586	4,675,996
<b>TOTAL ASSETS</b>	172,826	88,977	4,485,586	4,675,996	70,038	17,063	440,482	10,816	5,168,932	4,792,852
<b>CURRENT LIABILITIES</b>										
Accounts payable and accrued liabilities (note 6)	127,954	62,039	-	-	-	-	-	-	127,954	62,039
Deferred revenue	7	3,075	-	-	-	-	-	-	7	3,075
Current portion of long-term debt	-	-	91,222	114,500	-	-	-	-	91,222	114,500
Long-term debt subject to refinancing	-	-	-	79,087	-	-	-	-	-	79,087
Current liabilities before term loans due on demand	127,961	65,114	91,222	193,587	-	-	-	-	219,183	258,701
Term loans due on demand (note 7)	-	-	-	47,612	-	-	-	-	-	47,612
	127,961	65,114	91,222	241,199	-	-	-	-	219,183	306,313
<b>ADVANCES FROM (TO) OTHER FUNDS</b>	(62,114)	(24,178)	-	-	70,038	17,063	(7,924)	7,115	-	-
<b>TOTAL LIABILITIES</b>	65,847	40,936	91,222	241,199	70,038	17,063	(7,924)	7,115	219,183	306,313
<b>FUND BALANCES</b>	106,979	48,041	4,394,364	4,434,797	-	-	448,406	3,701	4,949,749	4,486,539
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	172,826	88,977	4,485,586	4,675,996	70,038	17,063	440,482	10,816	5,168,932	4,792,852

**SIGNED ON BEHALF OF THE BOARD** \_\_\_\_\_ Director \_\_\_\_\_ Director

**LAKEVIEW FREE METHODIST CHURCH INC.****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED  
JUNE 30**

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenditures for the year	463,210	(63,907)
Item not affecting cash -		
Depreciation	221,131	219,882
	684,341	155,975
Changes in non-cash working capital items -		
Accounts receivable	(16,042)	3,837
Prepaid expenses	435	(296)
Accounts payable and accrued liabilities	65,915	(30,438)
Deferred revenue	(3,068)	(5,328)
	731,581	123,750
Cash Provided By Operating Activities	731,581	123,750
<b>FINANCING ACTIVITIES</b>		
Repayment of long-term debt	(149,977)	(292,456)
	(149,977)	(292,456)
Cash Used In Financing Activities	(149,977)	(292,456)
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	(30,721)	(59,447)
	(30,721)	(59,447)
Cash Used In Investing Activities	(30,721)	(59,447)
<b>INCREASE (DECREASE) IN CASH POSITION</b>	<b>550,883</b>	<b>(228,153)</b>
<b>CASH POSITION - BEGINNING OF YEAR</b>	<b>84,007</b>	<b>312,160</b>
<b>CASH POSITION - END OF YEAR</b>	<b>634,890</b>	<b>84,007</b>

**LAKEVIEW FREE METHODIST CHURCH INC.**

**SCHEDULE 1 - OPERATING EXPENDITURES**

**FOR THE YEAR ENDED  
JUNE 30**

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Salaries and benefits	839,615	751,970
Repairs and maintenance	138,542	80,540
Utilities and insurance	126,359	130,311
Core ministries	67,059	78,103
Interest and bank charges	28,527	26,013
Supplies	13,964	20,256
Administration	13,768	12,110
	<b>1,227,834</b>	<b>1,099,303</b>

DRAFT COPY



**LAKEVIEW FREE METHODIST CHURCH INC.**

**SCHEDULE 2 - PROGRAM AND EDUCATION  
EXPENDITURES**

**FOR THE YEAR ENDED  
JUNE 30**

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Programming	29,794	43,946
Human resources and training	24,297	4,982
Music ministry	18,139	9,791
Children's ministries	16,452	16,014
Youth ministries	11,475	8,165
Communication	8,378	22,878
Care ministries	5,717	2,143
Teaching pastor	4,788	5,447
College and career	2,913	-
Lead pastor	1,505	2,416
Connections pastor	1,258	253
Congregational life pastor	1,163	-
	<b>125,879</b>	<b>116,035</b>

DRAFT COPY

**LAKEVIEW FREE METHODIST CHURCH INC.**

**SCHEDULE 3 - DESIGNATED FUNDS**

**AS AT JUNE 30**

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b>EXTERNALLY RESTRICTED</b>		
Daycare	440,190	-
New Horizon	3,491	-
Youth donations	7,369	5,705
Riversdale ministry	(2,644)	(2,004)
	<b>448,406</b>	<b>3,701</b>

DRAFT COPY

**1. THE ORGANIZATION**

The Lakeview Free Methodist Church Inc. is a non-profit entity, incorporated under the Canada Not-For-Profit Corporations Act. The Lakeview Free Methodist Church Inc. is organized to carry on the activities of its church from its facilities in Saskatoon, Saskatchewan. The church is registered as a charity within the meaning of the Canadian Income Tax Act. As a non-profit organization, the church is not subject to income taxes.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

***Financial Instruments***

The church initially measures its financial assets and liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The church subsequently measures all financial assets and financial liabilities at amortized cost except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess (deficiency) of revenue over expenditures for the year.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of any write-down is recognized in excess (deficiency) of revenue over expenditures for the year. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting an allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess (deficiency) of revenue over expenditures for the year.

The church recognizes its transaction costs in excess (deficiency) of revenue over expenditures in the year incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

***Tangible Capital Assets and Depreciation***

Tangible capital assets are recorded at cost and amortized over their estimated useful lives. This requires estimation of the useful life of the asset and its salvage and residual value. When management considers that a tangible capital asset no longer contributes to the church's ability to provide services, its carrying amount is written down to its residual value. As is true of all accounting estimates, it is possible that changes in future conditions could require changes in the recognized amounts for accounting estimates. Should an adjustment become necessary, it would be reported in earnings in the period in which it became known.

**LAKEVIEW FREE METHODIST CHURCH INC.**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
JUNE 30, 2024**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

Depreciation of tangible capital assets is calculated using the straight-line method at the following annual rates:

Buildings	2.5%
Land improvements	5.0%
Furniture and equipment	10.0%

Depreciation on assets acquired during the year is recorded at the full annual rate. There is no depreciation recorded in the year of disposal.

***Fund Accounting***

The Lakeview Free Methodist Church Inc. follows the restricted fund method of accounting for contributions. It accounts for its operations using the following funds:

***General Fund***

The general fund accounts for the church's program delivery and administrative activities including certain tangible capital asset purchases and repayment of debt. This fund reports unrestricted resources.

***Capital Fund***

The capital fund accounts for the assets, liabilities, revenue and expenditures related to the church's tangible capital asset and building programs.

***Capital Project Fund***

The capital project fund accounts for donations that are restricted by the donor for activities related to the tangible capital assets of the church including repayment of debt, major repairs and maintenance and future tangible capital asset purchases.

***Designated Funds***

Designated funds account for donations that are restricted by the donor for projects approved by the church board or received by the church related to a specific activity.

***Revenue Recognition***

Restricted contributions related to general operations are recognized as revenue of the general fund in the year in which the related expenditures are incurred. All other restricted contributions are recognized as revenue of the appropriate fund.

Grant revenue is recognized based on the terms of the agreement.

Unrestricted contributions are recognized as revenue of the general fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from cafe sales is recognized as revenue of the general fund when the product is delivered to the customer and ultimate collection is reasonably assured at the time of performance.

**LAKEVIEW FREE METHODIST CHURCH INC.**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
JUNE 30, 2024

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

Revenue from facilities rental is recognized as revenue of the general fund when the service is delivered to the customer and ultimate collection is reasonably assured at the time of performance.

***Donated Materials and Services***

The church benefits from the donation of materials and services from its members. These financial statements do not reflect the value of these donations in kind since a fair value cannot be reasonably estimated.

***Use of Estimates***

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the year. Significant items subject to estimate and assumption include valuation of accounts receivable and the estimated useful lives of tangible capital assets. Actual results could differ from estimates.

**3. ACCOUNTS RECEIVABLE**

	2024	2023
	\$	\$
General receivables	37,736	27,849
Goods and services tax rebate	9,655	3,500
	47,391	31,349

**4. TANGIBLE CAPITAL ASSETS**

	Cost	Accumulated Depreciation	Net Book Value	
			2024	2023
	\$	\$	\$	\$
Land - development	132,744	-	132,744	132,744
Land - building	149,425	-	149,425	149,425
Buildings	7,197,559	3,223,617	3,973,942	4,153,881
Land improvements	85,519	32,610	52,909	57,185
Furniture and equipment	1,031,765	855,199	176,566	182,761
	8,597,012	4,111,426	4,485,586	4,675,996

**5. BANK OVERDRAFT**

The bank overdraft is secured by a general security agreement covering all assets of the church and a mortgage on the land and building. The overdraft bears interest at a floating rate based on bank prime plus 1.0 percent. The church's total available overdraft is \$100,000 (2023 - \$100,000). The terms of the overdraft are renegotiated from time to time.

The prime rate at June 30, 2024 was 6.95%.

**LAKEVIEW FREE METHODIST CHURCH INC.**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
JUNE 30, 2024

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2024	2023
	\$	\$
Accounts payable	100,220	36,085
Accrued liabilities	27,734	25,954
	127,954	62,039

**7. LONG-TERM DEBT**

	2024	2023
	\$	\$
3.77% Scotiabank loan, payable in monthly instalments of \$4,162 plus interest, due for renewal October 19, 2024, secured by a mortgage on land and building and a general security agreement covering all assets of the church	45,386	129,037
4.748% Scotiabank loan, payable in monthly instalments of \$5,101 plus interest, due for renewal March 8, 2025, secured by a mortgage on land and building and a general security agreement covering all assets of the church	45,836	112,162
Subtotal	91,222	241,199
Less: current portion	91,222	114,500
Less: long-term debt subject to refinancing	-	79,087
	-	47,612
Less: term loans due on demand	-	47,612
	-	-

Based on current repayment terms, the principal payments required will extinguish the debt in the next fiscal year.

**8. INTERFUND TRANSFERS**

The church transferred \$1,576 (2023 - \$1,196) from internally restricted designated funds to the general fund in accordance with board policy to cover expenditures paid by the general fund related to the designated funds. These funds include the book ministry and other ministries.

The board passed a motion to transfer \$111,026 (2023 - \$78,781) from the capital project fund to the general fund to help cover the repayments of long-term debt related to the building and to pay for capital asset purchases during the fiscal year. This was done in accordance with the original terms as set by the board for the capital project fund.

**9. EMPLOYEE BENEFIT OBLIGATIONS**

The church is part of a multi-employer pension plan for its eligible members and staff. The pension plan is a defined contribution plan. The amount of income available at retirement will depend upon the plan member's contribution, the plan member's employer contribution and investment income earned during the period of the member's employment. Members can contribute up to 6% of their salary which will be matched by the church.

**10. FINANCIAL RISKS**

***Liquidity Risk***

Liquidity risk is the risk that the church will not be able to meet its financial obligations as they become due. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price. The church is subject to liquidity risk mainly with respect to its accounts payable and accrued liabilities and long-term debt. Liquidity risk had decreased from the prior year due to the continued repayment of long-term debt. Management will monitor accounts payable and cash resources closely to mitigate any risk that may occur.

***Interest Rate Risk***

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The church is subject to interest rate risk on its debt obligations. Management has attempted to minimize this risk by negotiating the best possible interest rates. Interest rate risk has decreased from the prior year due to repayment of long-term debt.