

**GATEWAY CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE IN
CANADA**

Review Engagement

Financial Statements - December 31, 2023

LUGOWY PROFESSIONAL CORPORATION

CHARTERED PROFESSIONAL ACCOUNTANTS • LICENSED PUBLIC ACCOUNTANTS



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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of Gateway Church of the Christian and Missionary Alliance in Canada

We have reviewed the accompanying financial statements of Gateway Church of the Christian and Missionary Alliance in Canada that comprise the statement of financial position as at December 31, 2023, and the statements of operations and 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.

Independent Practitioner's Review Engagement Report (continued)

Conclusion

In common with many charitable organizations, the organization derives receipts from the general public in the form of donations and other fundraising activities, the completeness of which is not susceptible to satisfactory review. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenditures, current assets and fund balances.

Based on our review, except for the possible effects of the matter described in the previous paragraph, nothing has come to our attention causing us to believe that the financial statements do not present fairly, in all material respects, the financial position of Gateway Church of the Christian and Missionary Alliance in Canada 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.



LUGOWY PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANTS
Authorized to practise public accounting by
the Chartered Professional Accountants of Ontario

Hamilton, Ontario
July 2, 2024

GATEWAY CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE IN CANADA

Statement of Financial Position

December 31, 2023
(with comparative figures for 2022)

	General Fund	Building Fund	Church Planting Funds	Other Restricted Funds	2023 Total	2022 Total
Assets						
Current assets:						
Cash	\$ 1,221,026	-	-	-	1,221,026	1,163,191
Short term investments	-	613,701	-	-	613,701	610,016
Loan receivable	-	38,642	-	-	38,642	15,971
Public service bodies' rebate receivable	21,692	-	-	-	21,692	18,199
Prepaid expenses	68,522	-	-	-	68,522	59,779
Due from general fund (Note 3)	-	256,147	69,001	118,364	443,512	645,678
	1,311,240	908,490	69,001	118,364	2,407,095	2,512,834
Property, plant and equipment (notes 2 and 4)	347,869	1,832,221	1,298	-	2,181,388	2,053,995
	\$ 1,659,109	2,740,711	70,299	118,364	4,588,483	4,566,829
Liabilities and Fund Balances						
Current liabilities:						
Accounts payable (note 5)	\$ 72,609	-	-	-	72,609	73,200
Due to other funds (Note 3)	443,512	-	-	-	443,512	645,678
	516,121	-	-	-	516,121	718,878
Fund balances:						
Invested in capital assets	347,869	1,832,221	1,298	-	2,181,388	2,053,995
Restricted	-	908,490	69,001	118,364	1,095,855	1,271,665
Unrestricted	795,119	-	-	-	795,119	522,291
	1,142,988	2,740,711	70,299	118,364	4,072,362	3,847,951
	\$ 1,659,109	2,740,711	70,299	118,364	4,588,483	4,566,829

Approved on behalf of the members:

_____ Member

_____ Member

UNAUDITED

See accompanying notes to the Financial Statements

GATEWAY CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE IN CANADA

Statement of Operations and Fund Balances

year ended December 31, 2023
(with comparative figures for 2022)

		General Fund	Building Fund	Church Planting Funds	Other Restricted Funds	2023 Total	2022 Total
Revenue - Offerings	\$	1,321,023	151,688	149,945	332,446	1,955,102	1,793,688
Operating expenses:							
Advertising		594	-	791	-	1,385	1,675
Amortization		61,089	46,400	503	-	107,992	91,839
Book allowance		778	-	363	-	1,141	1,389
Conferences		9,477	-	796	-	10,273	11,019
Designated offerings	(	221,702)	331,002	32,510	305,893	447,703	448,547
Dues, subscriptions and licences		19,056	-	1,028	-	20,084	23,615
Gifts		7,297	-	-	-	7,297	6,725
Honorariums		6,490	-	3,090	-	9,580	2,395
Insurance		11,165	-	-	-	11,165	11,164
Interest and bank charges		4,844	-	-	-	4,844	4,254
Meals and travel		48,358	-	2,798	-	51,156	38,383
Miscellaneous	(	14,044)	-	(764)	-	(14,808)	19,385
Office		32,405	-	3,083	-	35,488	24,677
Professional fees		12,116	-	977	-	13,093	13,914
Rent		-	-	9,435	-	9,435	10,785
Repairs and maintenance		55,586	-	11,400	-	66,986	55,982
Salaries and benefits		718,443	-	87,098	-	805,541	792,123
Special programs		92,556	-	7,627	-	100,183	89,593
Telephone		7,060	-	1,107	-	8,167	10,782
Utilities		33,986	-	-	-	33,986	26,364
		885,554	377,402	161,842	305,893	1,730,691	1,684,610
Excess (deficiency) of revenues over expenses		435,469	(225,714)	(11,897)	26,553	224,411	109,078
Fund balance, beginning of year		707,519	2,966,425	82,196	91,811	3,847,951	3,738,873
Fund balance, end of year	\$	1,142,988	2,740,711	70,299	118,364	4,072,362	3,847,951

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See accompanying notes to the Financial Statements

GATEWAY CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE IN CANADA

Statement of Cash Flows

year ended December 31, 2023
(with comparative figures for 2022)

		Restricted Funds	Unrestricted General Fund	2023 Total	2022 Total
Cash flows from operating activities					
Excess (deficiency) of revenues over expenses	\$(	211,058)	435,469	\$ 224,411	\$ 109,078
Adjustments for non-cash items:					
Amortization		46,903	61,089	107,992	91,839
Changes in non-cash working capital					
Loans receivable		-	(22,671)	(22,671)	(14,897)
Public service bodies' rebate receivable		-	(3,493)	(3,493)	(3,056)
Accounts payable and accrued liabilities		-	(590)	(590)	12,452
Prepaid expenses		-	(8,743)	(8,743)	(42,832)
		(164,155)	461,061	296,906	152,584
Cash flows from investing activities:					
Purchase of capital assets		-	(235,386)	(235,386)	(75,586)
Increase (decrease) in cash and cash equivalents	(	164,155)	225,675	61,520	76,998
Cash and cash equivalents, beginning		-	1,773,207	1,773,207	1,696,209
Cash and cash equivalents, ending	\$(	164,155)	1,998,882	1,834,727	1,773,207
Cash and cash equivalents comprised of:					
Cash	\$	-	1,221,026	1,221,026	1,163,191
Short term investment		613,701	-	613,701	610,016
	\$	613,701	1,221,026	\$ 1,834,727	\$ 1,773,207

UNAUDITED

See accompanying notes to the Financial Statements

GATEWAY CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE IN CANADA

Notes to Financial Statements

year ended December 31, 2023

1. Organization:

The Gateway Church of the Christian and Missionary Alliance in Canada is a not-for-profit organization and is a registered charity under the Income Tax Act. The organization operates under the direction of the Christian and Missionary Alliance out of its Caledonia, Cayuga and Binbrook locations. The organization is exempt from income taxes under the laws of the Canadian Income Tax Act.

2. Significant accounting policies:

Following is a summary of significant accounting policies in the preparation of the financial statements. These policies have been applied consistently and conform with Canadian accounting standards for not-for-profit organizations.

(a) Basis of accounting:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(b) Fund accounting:

The General Fund accounts for the organization's operating and administrative activities. This fund reports unrestricted offerings.

The Building Fund accounts for the revenues and expenses related to the organization's building project.

The Church Planting Fund reports the revenues and expenses related to the development of more churches of the same denomination. This fund includes amounts for the Binbrook and Cayuga locations.

Other Restricted Funds reports offerings and related expenses for special programs. This fund includes the Compassion fund, Global fund, Canadian Ministries fund and Short-term Missions fund.

(c) Revenue recognition:

The Gateway Church of the Christian and Missionary Alliance in Canada follows the restricted fund method of accounting for contributions.

Restricted contributions are recognized as revenue of the appropriate fund at the time they are received.

Unrestricted contributions are recognized as revenue of the General Fund in the year receivable if the amounts can be reasonably estimated and collection is reasonably assured.

Unrestricted investment income is recognized as revenue when earned.

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Notes to Financial Statements

year ended December 31, 2023

2. Significant accounting policies (continued):

(d) Contributed services:

The work of the organization is dependent on the voluntary services of many individuals. Since their services are not normally purchased by the organization and because of the difficulty in determining their fair market value, contributed services are not recognized in these financial statements.

(e) Amortization:

Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

Audio / visual equipment	- 30% declining balance
Computer equipment	- 30% declining balance
Furniture and fixtures	- 20% declining balance
Signs	- 20% declining balance
Sound ssystem equipment	- 20% declining balance
Fencing	- 10% declining balance
Asphalt	- 8% declining balance
Retaining wall	- 4% declining balance
Buildings	- 4% declining balance

Amortization is recorded at one-half of regular annual rates in the year of acquisition of an asset.

(f) Use of estimates:

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and expenditures during the reported period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

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Notes to Financial Statements

year ended December 31, 2023

2. Significant accounting policies (continued):

(g) Financial instruments:

Initial and subsequent measurement

The Organization initially measures its financial assets and liabilities at fair value.

The Organization subsequently measures all its financial assets and liabilities at cost or amortized cost. Changes in the fair value of these financial instruments are recognized in net income in the period incurred.

Financial assets measured at amortized cost include cash and Public Service Bodies rebate.

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

Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using the straight-line method.

Derivative financial instruments are not utilized by the organization.

Impairment

For financial assets measured at cost or amortized cost, the Organization determines whether there are indications of possible impairment. When there is an indication of impairment, and the Organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in net income. The write-down reflects the difference between the carrying amount and the higher of:

- (a) the present value of the cash flows expected to be generated by the asset or group of assets;
- (b) the amount that could be realized by selling the asset or group of assets;
- (c) the net realizable value of any collateral held to secure repayment of the asset or group of assets.

A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be 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 net income.

3. Interfund transfers:

Interfund balances are unsecured, non-interest bearing and have no specific terms of repayment. Interfund transfers represent transfers between funds when there are excess funds available that can be used to fund expenses within the other funds. The Board of Elders approved the transfer of all amounts for the December 31, 2023 year end.

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GATEWAY CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE IN CANADA

Notes to Financial Statements

year ended December 31, 2023

4. Property, plant and equipment:

	2023		2022	
General fund	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Audio / visual equipment	\$ 223,623	163,264	60,359	67,958
Computer equipment	70,723	56,710	14,013	18,561
Furniture and fixtures	351,975	149,979	201,996	42,780
Signs	12,881	12,555	326	408
Fencing	31,886	13,149	18,737	20,819
Asphalt	51,648	6,676	44,972	26,925
Retaining wall	11,000	3,534	7,466	7,777
	753,736	405,867	347,869	185,228
Building Fund				
Sound system	230,174	225,531	4,643	5,803
Buildings - Caledonia	2,217,093	1,125,515	1,091,578	1,125,163
Land - Caledonia	736,000	-	736,000	736,000
	3,183,267	1,351,046	1,832,221	1,866,966
Church Planting Fund				
Computer equipment	5,578	5,116	462	660
Other equipment	3,820	3,631	189	236
Sound system	17,646	16,999	647	905
	27,044	25,746	1,298	1,801
	\$ 3,964,047	1,782,659	2,181,388	2,053,995

5. Accounts payable:

Government remittances consist of amounts (such as payroll taxes) required to be paid to government authorities. Included in accounts payable are government remittances of \$14,269 (2022 - \$10,485).

6. Employee benefits:

The organization maintains a defined contribution pension plan for its full time employees. The expense for this plan is equal to the organization's required contribution for the year, which was \$27,391 (2022 - \$26,491).

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year ended December 31, 2023

7. Financial instruments:

Financial risks

The Organization is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The main risks are broken down below.

Credit risk

Credit risk is the risk that one party to a financial asset will cause a financial loss for the Organization by failing to discharge an obligation. The Organization's credit risk is mainly related to accounts receivable. The Organization provides credit to its members in the normal course of its operations.

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 interest rates. The company is exposed to interest rate risk on its fixed interest rate financial instruments. Fixed interest rate instruments subject the company to a fair value risk, since fair value fluctuates inversely to changes in market interest rates.

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities. The company is exposed to this risk mainly in respect of its bank indebtedness and its accounts payable.

There has been no change in the risk exposures noted above from the prior year.

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