

IGLESIA HISPANA DE WOODBRIDGE
(Operating as Woodbridge Spanish Church of the Nazarene)
Audited Financial Statements
Year Ended April 30, 2023

IGLESIA HISPANA DE WOODBRIDGE
(Operating as Woodbridge Spanish Church of the Nazarene)
Index to Financial Statements
Year Ended April 30, 2023

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenditures	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 12

INDEPENDENT AUDITOR'S REPORT

To the Members of Iglesia Hispana de Woodbridge operating as Woodbridge Spanish Church of the Nazarene

Qualified Opinion

We have audited the financial statements of Iglesia Hispana de Woodbridge, operating as Woodbridge Spanish Church of the Nazarene, (the organization), which comprise the statement of financial position as at April 30, 2023, and the statements of revenues and expenditures, 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 the organization as at April 30, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO)

Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from fundraising activities 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 organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended April 30, 2023, current assets and net assets as at April 30, 2023. Our audit opinion on the financial statements for the year ended April 30, 2022 was modified accordingly because of the possible effects of this limitation of 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 organization in accordance with 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 qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

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Independent Auditor's Report to the Members of Iglesia Hispana de Woodbridge operating as Woodbridge Spanish Church of the Nazarene (*continued*)

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 organization'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 organization'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 organization 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.

Mississauga, Ontario
October 11, 2023


MBS Plus LLP
Chartered Professional Accountants
Licensed Public Accountants

IGLESIA HISPANA DE WOODBRIDGE
(Operating as Woodbridge Spanish Church of the Nazarene)
Statement of Financial Position
April 30, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 69,405	\$ 78,941
Harmonized sales tax recoverable	2,042	3,288
Prepaid expenses	-	27
	<u>71,447</u>	<u>82,256</u>
CAPITAL ASSETS (Note 3)	254,668	275,456
RESTRICTED CASH	<u>2,484</u>	<u>2,484</u>
	<u>\$ 328,599</u>	<u>\$ 360,196</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 4,753	\$ 7,156
Current portion of long term debt (Note 4)	22,107	20,989
Employee deductions payable	1,240	677
Deferred income	17,870	24,100
	<u>45,970</u>	<u>52,922</u>
LONG TERM DEBT (Note 4)	<u>67,105</u>	<u>89,212</u>
	<u>113,075</u>	<u>142,134</u>
NET ASSETS		
General fund	213,040	215,578
Restricted fund	2,484	2,484
	<u>215,524</u>	<u>218,062</u>
	<u>\$ 328,599</u>	<u>\$ 360,196</u>

APPROVED BY THE DIRECTOR

_____ Director

See notes to financial statements

IGLESIA HISPANA DE WOODBRIDGE
(Operating as Woodbridge Spanish Church of the Nazarene)
Statement of Revenues and Expenditures
Year Ended April 30, 2023

	2023	2022
REVENUES		
Donations	\$ 139,406	\$ 143,889
Government Grants-Seniors' Program	25,725	-
Ontario Anti-Hate Security Measures Grant	7,500	7,500
Other income	-	1,248
	<u>172,631</u>	<u>152,637</u>
EXPENSES		
Benevolence and Compassion	2,800	2,600
Employee benefits	3,894	3,524
Government Grants-Seniors' Program	17,844	1,378
Government Grants - Anti-Hate Security Measures	8,476	8,151
Insurance	2,000	5,467
Interest and bank charges	1,168	756
Ministry operating expenses	13,074	9,758
Occupancy	26,827	22,698
Office	11,088	9,859
Personnel	52,525	48,000
Professional fees	6,528	5,695
Vehicle	3,000	3,000
	<u>149,224</u>	<u>120,886</u>
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	<u>23,407</u>	<u>31,751</u>
OTHER EXPENSES		
Amortization	20,788	82,138
Interest on long term debt	5,157	6,261
	<u>25,945</u>	<u>88,399</u>
DEFICIENCY OF REVENUES OVER EXPENSES	<u>\$ (2,538)</u>	<u>\$ (56,648)</u>

See notes to financial statements

IGLESIA HISPANA DE WOODBRIDGE
(Operating as Woodbridge Spanish Church of the Nazarene)
Statement of Changes in Net Assets
Year Ended April 30, 2023

	General Fund	Restricted Fund	Third Fund	2023	2022
NET ASSETS - BEGINNING OF YEAR	\$ 215,578	\$ 2,484	\$ -	\$ 218,062	\$ 274,710
DEFICIENCY OF REVENUES OVER EXPENSES	(2,538)	-	-	(2,538)	(56,648)
NET ASSETS - END OF YEAR	\$ 213,040	\$ 2,484	\$ -	\$ 215,524	\$ 218,062

IGLESIA HISPANA DE WOODBRIDGE
(Operating as Woodbridge Spanish Church of the Nazarene)
Statement of Cash Flows
Year Ended April 30, 2023

	2023	2022
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (2,538)	\$ (56,648)
Item not affecting cash:		
Amortization of capital assets	<u>20,788</u>	82,138
	<u>18,250</u>	25,490
Changes in non-cash working capital:		
Accounts payable	(2,402)	388
Deferred income	(6,231)	24,100
Prepaid expenses	27	829
Harmonized sales tax payable	1,246	(1,376)
Employee deductions payable	<u>563</u>	<u>(441)</u>
	<u>(6,797)</u>	23,500
Cash flow from operating activities	<u>11,453</u>	48,990
INVESTING ACTIVITY		
Proceeds on disposal of capital assets	<u>-</u>	58
FINANCING ACTIVITY		
Repayment of long term debt	<u>(20,989)</u>	(19,928)
INCREASE (DECREASE) IN CASH FLOW	(9,536)	29,120
Cash - beginning of year	<u>78,941</u>	49,821
CASH - END OF YEAR	\$ <u>69,405</u>	\$ <u>78,941</u>

See notes to financial statements

IGLESIA HISPANA DE WOODBRIDGE
(Operating as Woodbridge Spanish Church of the Nazarene)
Notes to Financial Statements
Year Ended April 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Measurement uncertainty

The preparation of 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Net assets

- a) Net assets invested in property and equipment represents the organization's net investment in property and equipment which is comprised of the unamortized amount of property and equipment purchased with both restricted and unrestricted funds.
- b) Internally restricted net assets are funds which have been designated for a specific purpose by the organization's Board of Directors. Currently the only restricted fund is for the purpose of financing building improvements.
- c) Unrestricted net assets comprise the excess of revenue over expenses accumulated by the organization each year, not of transfers, and are available for general purposes.

Fund accounting

Iglesia Hispana de Woodbridge follows the restricted fund method of accounting for contributions.

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

The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to Iglesia Hispana de Woodbridge's building improvements and/or expansion campaign.

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IGLESIA HISPANA DE WOODBRIDGE
(Operating as Woodbridge Spanish Church of the Nazarene)
Notes to Financial Statements
Year Ended April 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Iglesia Hispana de Woodbridge follows the restricted fund method of accounting for contributions.

Restricted contributions related to the building are recognized as revenue of the restricted fund.

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.

Program revenues are recognized as revenue of the General Fund when the services and program costs are expended. Revenue received but programs not completed are recorded as deferred income..

Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Pledges

Pledges which are legally enforceable (less an allowance for amounts considered uncollectible) are recorded as receivable in the year made. Pledges to support current operations are recorded as operating fund receipts. Pledges made for the acquisition of property or to support future operations are recorded as deferred amounts in their respective fund.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a straight-line basis at the following rates:

Audio visual equipment	3 years
Buildings	25 years
Building improvements	5 years
Computer equipment	3 years
Computer software	1 year
Furniture and fixtures	3 years
Musical instruments and equipment	3 years
Office Equipment	3 years

The organization regularly reviews its capital assets to eliminate obsolete items. Government grants are treated as a reduction of capital assets cost.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

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IGLESIA HISPANA DE WOODBRIDGE
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Notes to Financial Statements
Year Ended April 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of Long Lived Assets

The organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Goods and Services Tax

Contributed materials and services are recoverable at 50% as a rebate. The unrecoverable portion is recorded as an expense with the rebate treated as a receivable.

2. PURPOSE OF THE ORGANIZATION

Iglesia Hispana de Woodbridge (the "organization") is a not-for-profit organization of Ontario. As a registered charity the organization is exempt from the payment of income tax under Subsection 149(1) of the Income Tax Act.

The organization operates to provide its community a pathway to know God personally as our Savior, grow in the image of Christ, discover and use spiritual gifts, love and serve others and reflect the beauty of the Lord.

3. CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Buildings	\$ 753,091	\$ 499,834	\$ 253,257	\$ 271,675
Equipment	15,927	15,141	786	2,273
Computer equipment	2,650	2,025	625	1,508
	<u>\$ 771,668</u>	<u>\$ 517,000</u>	<u>\$ 254,668</u>	<u>\$ 275,456</u>

4. LONG TERM DEBT

	2023	2022
TD Bank loan bearing interest at 5.2% compounded monthly, repayable in monthly blended payments of \$2,185. The loan matures on January 10, 2028 and is secured by 7611 Pine Valley Drive, Woodbridge, Ontario which has a carrying value of .	\$ 89,212	\$ 110,201

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IGLESIA HISPANA DE WOODBRIDGE
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Notes to Financial Statements
Year Ended April 30, 2023

4. LONG TERM DEBT *(continued)*

	2023	2022
Amounts payable within one year	(22,107)	(20,989)
	\$ 67,105	\$ 89,212

Principal repayment terms are approximately:

2024	\$ 22,107
2025	23,284
2026	24,524
2027	19,297
	\$ 89,212

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Notes to Financial Statements
Year Ended April 30, 2023

5. DEFERRED INCOME

Deferred income is comprised of the following grants and funding received in the year for specific projects:

	2023	2022
New Horizons for Senior's Program "Stay Fit Strong and Connected" April 1, 2023 to March 31, 2024	\$ 17,870	\$ 24,100

6. INCOME TAX AND INFORMATION RETURN

The organization, being a Not-for-Profit organization, is exempt from income tax by virtue of Section 149 (1) (l) of the Income Tax Act (Canada). It is not required to file an information return under Section 149 (12) of the Act because:

1. The organization's investment income is less than \$10,000;
2. The organization's total assets at the end of the prior year did not exceed \$200,000; and
3. The organization has never been required to file an information return under Section 149 (12) of the Act.

7. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of April 30, 2023.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long-term debt, obligations under capital leases, contributions to the pension plan, and accounts payable.

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 rate risk, interest rate risk and other price risk. The organization is mainly exposed to Liquidity risk and Interest rate risk.

Interest rate risk

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IGLESIA HISPANA DE WOODBRIDGE
(Operating as Woodbridge Spanish Church of the Nazarene)
Notes to Financial Statements
Year Ended April 30, 2023

7. FINANCIAL INSTRUMENTS *(continued)*

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

Other price risk

Other price risk is 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 interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

All secured financial liabilities have a combined carrying amount of \$89,212 (\$110,201 in 2022).

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks arising from these financial instruments.
