



Financial Statements

The Meeting House Church Family

June 30, 2023

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# Independent Auditor's Report

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**Grant Thornton LLP**  
Suite 501  
201 City Centre Drive  
Mississauga, ON  
L5B 2T4  
T +1 416 366 0100  
F +1 905 804 0509

To the Overseers of  
The Meeting House Church Family

## Opinion

We have audited the financial statements of The Meeting House Church Family (the "Church"), which comprise the statement of financial position as at June 30, 2023, and the statements of General Fund activity and changes in fund balance, Restricted Funds activity and changes in fund balances, Property Fund activity and changes in fund balance, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Church as at June 30, 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 ("ASNPO").

## Basis for opinion

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 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 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 Church's ability to continue as a going concern, disclosing, as applicable, matters related to a 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.

*Grant Thornton LLP*

Mississauga, Canada  
October 10, 2023

Chartered Professional Accountants  
Licensed Public Accountants

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## The Meeting House Church Family Statement of General Fund Activity and Changes in Fund Balance

Year ended June 30	2023	2022
Revenue		
Offerings	\$ 3,736,163	\$ 7,224,034
Rental and sales income	641,183	421,554
Interest and other	109,854	31,419
Ministry reimbursements	<u>21,641</u>	<u>42,913</u>
	<u>4,508,841</u>	<u>7,719,920</u>
Expenditures		
Adult ministries	1,488,722	2,227,740
Facilities	988,649	916,499
Administration	880,930	1,050,861
Communications	569,957	898,376
Shared staff expense	482,273	874,556
Weekend services	341,712	547,868
Youth	307,332	498,271
Kidmax	221,264	293,241
Rent and sales	174,426	147,242
Missions and partnership support	157,475	385,750
Interest on long-term debt (Note 6)	<u>127,938</u>	<u>140,013</u>
	<u>5,740,678</u>	<u>7,980,417</u>
Deficiency of revenue over expenditures	(1,231,837)	(260,497)
Fund balance, beginning of year	<u>2,692,655</u>	<u>3,436,397</u>
Interfund transfers		
Repayment of loan principal	(295,319)	(283,245)
Funding of property and equipment reserve fund	<u>-</u>	<u>(200,000)</u>
	<u>(295,319)</u>	<u>(483,245)</u>
Fund balance, end of year	<u>\$ 1,165,499</u>	<u>\$ 2,692,655</u>

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## The Meeting House Church Family

### Statement of Restricted Funds Activity and Changes in Fund Balances

Year ended June 30	Go Fund	Compassion Fund	Total 2023	Total 2022
<b>Revenue</b>				
Offerings	\$ 193,566	\$ 376,863	<b>\$ 570,429</b>	\$ 1,397,340
Other income	268,192	735	<b>268,927</b>	132,817
Interest income	<u>9,159</u>	<u>18,993</u>	<b><u>28,152</u></b>	<u>4,712</u>
	<u>470,917</u>	<u>396,591</u>	<b><u>867,508</u></b>	<u>1,534,869</u>
<b>Expenditures</b>				
Compassion - local and global	-	405,086	<b>405,086</b>	845,117
Curriculum - One Story	429,600	-	<b>429,600</b>	509,501
Jesus Collective	263,282	-	<b>263,282</b>	477,595
Ministry oversight and communication	-	106,201	<b>106,201</b>	229,963
Ministry initiatives	<u>30,281</u>	<u>-</u>	<b><u>30,281</u></b>	<u>79,182</u>
	<u>723,163</u>	<u>511,287</u>	<b><u>1,234,450</u></b>	<u>2,141,358</u>
Deficiency of revenue over expenditures	(252,246)	(114,696)	<b>(366,942)</b>	(606,489)
Fund balances, beginning of year	428,986	677,170	<b>1,106,156</b>	1,712,645
<b>Interfund transfers</b>				
Purchase of property and equipment	<u>(16,118)</u>	<u>-</u>	<b><u>(16,118)</u></b>	<u>-</u>
Fund balances, end of year	<b><u>\$ 160,622</u></b>	<b><u>\$ 562,474</u></b>	<b><u>\$ 723,096</u></b>	<b><u>\$ 1,106,156</u></b>

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See accompanying notes to the financial statements.

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## The Meeting House Church Family

### Statement of Property Fund Activity and Changes in Fund Balance

Year ended June 30	2023	2022
Revenue		
Gain on disposal of property and equipment	\$ 115,676	\$ 39,877
Interest income	<u>27,994</u>	<u>2,584</u>
	<u>143,670</u>	<u>42,461</u>
Expenditures		
Amortization of property and equipment	416,148	446,375
Professional fees	2,027	-
Property repairs and replacement equipment	<u>642</u>	<u>19,283</u>
	<u>418,817</u>	<u>465,658</u>
Deficiency of revenue over expenditures	<u>(275,147)</u>	<u>(423,197)</u>
Fund balance, beginning of year	<u>7,321,260</u>	<u>7,261,212</u>
Interfund transfers		
Repayment of loan principal	295,319	283,245
Support from General Fund	-	200,000
Purchase of property and equipment	<u>16,118</u>	<u>-</u>
	<u>311,437</u>	<u>483,245</u>
Fund balance, end of year	<u>\$ 7,357,550</u>	<u>\$ 7,321,260</u>

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## The Meeting House Church Family Statement of Changes in Fund Balances

Year ended June 30	General Fund	Restricted Funds	Property Fund	<b>Total 2023</b>	Total 2022
Fund balances, beginning of year	\$ 2,692,655	\$ 1,106,156	\$ 7,321,260	<b>\$ 11,120,071</b>	\$ 12,410,254
Deficiency of revenue over expenditures	(1,231,837)	(366,942)	(275,147)	<b>(1,873,926)</b>	(1,290,183)
Interfund transfers					
Repayment of loan principal	(295,319)	-	295,319	-	-
Purchase of property and equipment	_____	(16,118)	16,118	-	-
Fund balances, end of year	<u>\$ 1,165,499</u>	<u>\$ 723,096</u>	<u>\$ 7,357,550</u>	<b><u>\$ 9,246,145</u></b>	<u>\$ 11,120,071</u>

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# The Meeting House Church Family Statement of Financial Position

As at June 30

2023

2022

## Assets

### Current

Cash (Note 4)	\$ 3,160,887	\$ 5,243,408
Taxes recoverable	18,188	31,877
Miscellaneous receivables	30,271	69,707
Prepaid expenses and deposits	14,102	27,877
Resource Centre inventory	<u>2,877</u>	<u>3,585</u>

**3,226,325**      5,376,454

Property and equipment (Note 5)      **9,547,263**      9,916,451

**\$ 12,773,588**      \$ 15,292,905

## Liabilities

### Current

Accounts payable and accrued liabilities	\$ 249,117	\$ 608,461
Deferred revenue	53,760	44,488
Long-term debt (Note 6)	<u>3,224,566</u>	<u>294,942</u>

**3,527,443**      947,891

Long-term debt (Note 6)      -      3,224,943

**3,527,443**      4,172,834

## Fund balances

Working capital reserve		
General Fund	1,165,499	2,692,655
Internally restricted		
Property Fund		
Property and equipment reserve fund	1,034,853	924,694
Invested in property and equipment	6,322,697	6,396,566
Externally restricted		
Go Fund	160,622	428,986
Compassion Fund	<u>562,474</u>	<u>677,170</u>

**9,246,145**      11,120,071

**\$ 12,773,588**      \$ 15,292,905

Commitments (Note 8)

On behalf of the Overseers Board

*Yohan Mahimwala*  
Yohan Mahimwala (Oct 26, 2023 22:28 EDT)

Director

*James Fletcher*  
James Fletcher (Oct 28, 2023 16:39 EDT)

Director

See accompanying notes to the financial statements.

# The Meeting House Church Family

## Statement of Cash Flows

Year ended June 30

2023

2022

Increase (decrease) in cash

### Operating

Deficiency of revenue over expenditures	\$ (1,873,926)	\$ (1,290,183)
Items not affecting cash		
Amortization of property and equipment	416,148	446,375
Gain on disposal of property and equipment	(115,676)	(39,877)
	<u>(1,573,454)</u>	<u>(883,685)</u>

Change in non-cash working capital items

Taxes recoverable	13,689	(9,927)
Miscellaneous receivables	39,436	(41,918)
Prepaid expenses and deposits	13,775	11,250
Resource Centre inventory	708	15,064
Accounts payable and accrued liabilities	(359,344)	252,135
Deferred revenue	9,272	(12,550)
	<u>(282,464)</u>	<u>214,054</u>
	<u>(1,855,918)</u>	<u>(669,631)</u>

### Financing

Long-term debt principal repayments	<u>(295,319)</u>	<u>(283,245)</u>
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### Investing

Proceeds from sale of property and equipment	119,653	43,848
Purchase of property and equipment	<u>(50,937)</u>	<u>(123,353)</u>
	<u>68,716</u>	<u>(79,505)</u>

Decrease in cash (2,082,521) (1,032,381)

Cash (Note 4)

Beginning of year	<u>5,243,408</u>	<u>6,275,789</u>
End of year	<u>\$ 3,160,887</u>	<u>\$ 5,243,408</u>

See accompanying notes to the financial statements.

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# The Meeting House Church Family

## Notes to the Financial Statements

June 30, 2023

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### 1. Purpose of the Organization

The Meeting House Church Family (the "Organization") was established to honour God by proclaiming the irreligious message of Jesus and fostering loving communities of fully-committed Christ-followers. The Organization was incorporated under the Canada Not-for-profit Corporations Act and is a registered charity under the Income Tax Act (Canada) and, as such, is exempt from income taxes.

In prior years, the Organization controlled Jesus Collective ("JC") as JC's Board of Directors consisted entirely of members of the Overseers Board (the "Overseers") as well as a member of senior management of the Organization. However, effective September 1, 2022, the Board was altered to include only individuals who are completely independent from the Organization. As a result, as at June 30, 2023, JC is neither controlled nor related to the Organization.

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### 2. Summary of significant accounting policies

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). ASNPO requires entities to select policies appropriate for their circumstances from policies provided in these standards. The significant accounting policies selected by the Organization and applied in these financial statements are summarized below.

#### **Fund accounting**

The accounts are maintained in accordance with the principles of fund accounting, whereby fund balances of the Organization are classified for accounting and reporting purposes into funds to be used according to the directions of donors or as determined by the Organization.

#### General Fund

The General Fund consists of unrestricted contributions and other revenue and related expenditures pertaining to the operations of the Organization.

#### Restricted Funds

##### *Externally restricted fund - Go Fund*

The Go Fund consists of amounts designated by donors to assist in church growth and other programs as established by the Overseers. Such programs include, but are not limited to, establishing and expanding regional sites, acquisition and improvements of buildings and other assets.

##### *Externally restricted fund - Compassion Fund*

The Compassion Fund consists of amounts designated by donors to assist in compassionate ministries and other programs. Such programs include, but are not limited to, local and global compassionate initiatives, and outreach opportunities.

#### Property Fund

The Property Fund consists of the assets, liabilities, revenue and expenditures related to the Organization's property and equipment or internally restricted by the Overseers as a reserve for property and equipment.

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# The Meeting House Church Family

## Notes to the Financial Statements

June 30, 2023

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### 2. Summary of significant accounting policies (continued)

#### **Interfund transfers**

Transfers between funds are made when resources of one fund have been authorized to finance activities and acquisitions in another fund.

#### **Revenue recognition**

The Organization follows the restricted fund method of accounting for contributions.

All offerings which are externally restricted by the donor with an associated restricted fund are recorded in the appropriate restricted fund in the year received. Externally restricted offerings and deposits to the General Fund are recorded as deferred contributions or deferred revenue and subsequently recognized as revenue as the related expenses are incurred.

Unrestricted offerings are recorded as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Rent, sales, interest and all other income are recognized as earned.

#### **Contributed goods and services**

Contributed goods and capital donations are recorded at fair market value as at the date of contribution if the value is reasonably determinable. Contributed services are not recognized in these financial statements due to the difficulty in determining their fair value.

#### **Resource Centre inventory**

The cost of Resource Centre inventory comprises the purchase price and other costs directly attributable to its acquisition. Resource Centre inventory is stated at the lower of cost and net realizable value and relieved on a first-in, first-out basis. Net realizable value is the estimated selling price, in the ordinary course of business, less the estimated costs necessary to make the sale.

Resource Centre inventory is adjusted to net realizable value when the cost of Resource Centre inventory is not estimated to be recoverable. The amount of any write-down of Resource Centre inventory to net realizable value and all losses of Resource Centre inventory are recognized as an expense in the period the write-down occurs.

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# The Meeting House Church Family

## Notes to the Financial Statements

June 30, 2023

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### 2. Summary of significant accounting policies (continued)

#### Property and equipment

Purchased property and equipment are recorded in the Property Fund at cost less accumulated amortization, which is provided for over the expected useful life of the assets as follows:

Building	4% declining balance
Sound and video equipment	20% declining balance
Furniture and equipment	20% declining balance
Computer hardware and software	30% declining balance
Vehicles and trailers	30% declining balance
Paving	10 years straight-line
Leasehold improvements	straight-line over the life of the lease

The Organization tests capital assets for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

#### Financial instruments

The Organization considers any contract creating a financial asset, liability or equity instrument as a financial instrument. The Organization's financial instruments are comprised of cash, taxes recoverable, miscellaneous receivables, accounts payable and long-term debt.

Financial assets and liabilities are initially recorded at their fair value. The Organization subsequently measures all of its financial assets and liabilities at amortized cost.

#### Use of estimates

Management reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revision or any possibility of impairment. Certain items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically, and adjustments are made to the excess or deficiency of revenue over expenditures as appropriate in the year they become known.

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# The Meeting House Church Family

## Notes to the Financial Statements

June 30, 2023

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### 3. Objectives, policies and processes for managing capital

The Organization's capital is comprised of the following:

#### **Working capital reserve fund – General Fund**

The Overseers' objective is to maintain a working capital reserve fund balance sufficient to meet its annual working capital requirements. This is an amount determined by the Overseers based on the annual budget. Staff prepares and the Overseers approve the annual budget which projects the working capital reserve fund balance required. The Treasurer monitors the actual results against the forecast and notifies the Overseers when changes to plans are required.

#### **Internally restricted funds – Property Fund – Property and equipment reserve fund**

The Overseers' objective is to maintain a reserve of funds that can be drawn on to fund major building and property repairs and improvements and replace broken or obsolete equipment. The Property Fund is replenished by an annual budgeted transfer from the General Fund based on the spending expectations in the Property Fund replacement plan. Staff monitors the status of the fund and reports to the Overseers on its usage.

#### **Internally restricted funds – Property Fund – Invested in property and equipment**

The Organization invests in property and equipment in order to provide worship and devotional programming that enhances the personal experience of all participants.

The Finance and Senior Pastors teams are responsible for this investment and define the policies to be followed to ensure the smooth functioning of the building and equipment and their maintenance. Staff develop the annual capital budget. The Overseers authorize the funds for the budget, with revisions throughout the year as required. The budget is executed by the Senior Pastors and monthly reports are submitted to the Overseers.

#### **Externally restricted funds - Go Fund**

The objective of the Go Fund is to provide for church growth, and other programs as established by the Overseers. The Senior Pastors team is responsible for carrying out the objectives of this fund as set out in the plan. The Treasurer monitors the status of the fund and reports to the Overseers on its usage.

#### **Externally restricted funds - Compassion Fund**

The objective of the Compassion Fund is to provide for compassionate ministries and other programs as established by the Overseers. The Senior Pastors team is responsible for carrying out the objectives of this fund as set out in the plan. The Treasurer monitors the status of the fund and reports to the Overseers on its usage.

Where cash funds are not required in the short-term, the Finance Manager invests their balances in short-term, low risk and highly liquid financial instruments for both internally and externally restricted funds.

#### **Other restrictions**

The Organization is subject to the disbursement requirements set by the Canada Revenue Agency for Canadian charities and as at the end of fiscal 2023, was in compliance with these requirements. The Organization is not subject to any external capital requirements other than those outlined above.

# The Meeting House Church Family Notes to the Financial Statements

June 30, 2023

## 4. Cash

	<u>2023</u>	<u>2022</u>
General Fund	<b>\$ 1,392,898</b>	\$ 3,212,558
Restricted Funds		
Go Fund	<b>176,741</b>	428,986
Compassion Fund	<b>562,473</b>	677,170
	<b><u>739,214</u></b>	<u>1,106,156</u>
Property Fund	<b><u>1,028,775</u></b>	<u>924,694</u>
	<b><u>\$ 3,160,887</u></b>	<u>\$ 5,243,408</u>

## 5. Property and equipment

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2023 Net</u>	<u>2022 Net</u>
Land	\$ 2,070,000	\$ -	<b>\$ 2,070,000</b>	\$ 2,070,000
Building	12,219,449	5,292,145	<b>6,927,304</b>	7,215,942
Sound and video equipment	2,592,965	2,352,375	<b>240,590</b>	282,605
Furniture and equipment	1,082,214	946,589	<b>135,625</b>	169,531
Computer hardware and software	572,287	534,666	<b>37,621</b>	11,464
Vehicles and trailers	169,514	146,072	<b>23,442</b>	38,318
Paving	147,871	36,968	<b>110,903</b>	125,690
Leasehold improvements	<u>55,614</u>	<u>53,836</u>	<b><u>1,778</u></b>	<u>2,901</u>
	<b><u>\$ 18,909,914</u></b>	<b><u>\$ 9,362,651</u></b>	<b><u>\$ 9,547,263</u></b>	<b><u>\$ 9,916,451</u></b>

Additions to property and equipment were as follows:

	<u>2023</u>	<u>2022</u>
Sound and video equipment	<b>\$ 16,118</b>	\$ 65,728
Furniture and equipment	-	57,625
Computer hardware and software	<b><u>34,819</u></b>	<u>-</u>
	<b><u>\$ 50,937</u></b>	<b><u>\$ 123,353</u></b>

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# The Meeting House Church Family

## Notes to the Financial Statements

June 30, 2023

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### 6. Long-term debt

	<u>2023</u>	<u>2022</u>
Mortgage with the Royal Bank of Canada, bearing interest at 3.79%, due June 24, 2024, payable by monthly instalments of principal plus interest of \$35,271 and secured by the Bristol Circle property and a general security agreement	\$ 3,224,566	\$ 3,519,885
Current portion	<u>3,224,566</u>	<u>294,942</u>
	<u>\$ -</u>	<u>\$ 3,224,943</u>

Interest incurred on the above loan of \$127,938 (2022 - \$140,013) was expensed in the statement of General Fund activity and changes in fund balance. The Church intends to refinance the mortgage upon maturity.

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### 7. Line of credit

A line of credit is available up to a maximum of \$250,000 and bears interest at the bank prime rate plus 0.5%. The line is secured in the same manner as long-term debt as indicated in Note 6. At year end, there was no amount drawn on this line.

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### 8. Commitments

The Organization is committed under operating leases for equipment and premises extending for various periods to fiscal 2028. The future minimum annual payments required are as follows:

2024	\$ 200,395
2025	191,719
2026	175,347
2027	106,219
2028	48,816

During the year, the Organization entered into an agreement with JC and Wonderborn Studios Ltd. ("WBS") whereby the Organization is committed to selling its ownership rights on the trademarks of the One Story Curriculum to WBS for \$250,000 upon payment of the amount between July 1, 2024 and June 30, 2026.



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# The Meeting House Church Family

## Notes to the Financial Statements

June 30, 2023

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### 9. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of the financial statements in assessing the extent of risk related to financial instruments. It is management's opinion that the Organization is not exposed to significant risk arising from its financial instruments. There have been no changes in the nature of risks from prior year.

#### Credit risk

Credit risk is the risk of financial loss occurring as a result of a counter party to a financial instrument failing to discharge an obligation or commitment that it has entered into with the Organization. The Organization's main credit risks relate to its taxes recoverable and miscellaneous receivables.

The Organization provides for its exposure by creating an allowance for doubtful accounts when appropriate. As at June 30, 2023, the allowance for doubtful accounts is \$Nil (2022 - \$Nil).

#### Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in raising funds to meet commitments associated with its financial liabilities. The Organization is exposed to liquidity risk mainly in respect to its accounts payable and long-term debt.

The Organization manages its liquidity risk by forecasting cash flows from operations, investing and financing activities, including a working capital reserve held in the General Fund, to ensure that it has sufficient funds available to meet current and foreseeable financial obligations.

The Organization's financing facilities include a requirement to maintain a minimum of \$500,000 of unrestricted funds at all times. The Organization is in compliance with this requirement as at June 30, 2023.

Churches may be subject to litigation related to their activities. It is not possible to determine the merits of claims or potential claims or to estimate the possible financial liability, if any, to the Organization at this time. Accordingly, no provision has been made for claims or potential claims in the financial statements and any gains or losses, if any, sustained on the ultimate resolution of such claims will be accounted for in the respective resolution period.

#### Interest rate risk

Interest rate price risk is the risk that the fair value of an interest bearing financial instrument will fluctuate due to changes in market interest rates. Interest rate cash flow risk is the risk that the cash flows of the Organization will fluctuate due to changes in market interest rates.

The Organization's exposure to interest rate price risk is limited to its fixed interest bearing debt. As the Organization does not have variable interest bearing debt or investments, the Organization is not exposed to interest rate cash flow risk.