

LIGHTHOUSE EVANGELISTIC ASSOCIATION INC.

Financial Statements

For the year ended December 31, 2022

LIGHTHOUSE EVANGELISTIC ASSOCIATION INC.

Financial Statements

For the year ended December 31, 2022

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Independent Practitioner's Review Engagement Report

To the Members of the Lighthouse Evangelistic Association Inc.

We have reviewed the accompanying financial statements of **Lighthouse Evangelistic Association Inc.** that comprise the statement of financial position as at December 31, 2022, and the statements of operations, changes in net assets 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.

Basis for Qualified Conclusion

In common with many not-for-profit organizations, **Lighthouse Evangelistic Association Inc.** derives revenue from fundraising activities, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of **Lighthouse Evangelistic Association Inc.** 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 years ended December 31, 2022 and 2021, current assets as at December 31, 2022 and 2021, and net assets as at January 1 and December 31 for both the 2022 and 2021 years. Our conclusion on the financial statements for the year ended December 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.



Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of **Lighthouse Evangelistic Association Inc.** as at December 31, 2022, 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.

BDO Canada LLP

Chartered Professional Accountants

Winnipeg, Manitoba
November 20, 2023

LIGHTHOUSE EVANGELISTIC ASSOCIATION INC.
Statement of Financial Position
(Unaudited)

December 31	2022	2021
Assets		
Current Assets		
Cash and bank	\$ 801,913	\$ 817,120
GST receivable	2,851	4,003
Prepaid expenses	9,912	9,014
	814,676	830,137
Capital assets (Note 2)	343,531	299,407
	\$ 1,158,207	\$ 1,129,544

Liabilities and Net Assets

Current Liabilities		
Accounts payable and accrued liabilities (Note 3)	\$ 114,276	\$ 64,162
Deferred contributions related to capital assets (Note 4)	192,363	202,939
	306,639	267,101
Net Assets		
Unrestricted	700,400	765,975
Invested in capital assets (Note 5)	151,168	96,468
	851,568	862,443
	\$ 1,158,207	\$ 1,129,544

Approved on behalf of the Board of Directors:


 _____ Director
 Jonathan Boettcher (Nov 9, 2023 14:12 CST)


 _____ Director
 Herb Buller (Nov 9, 2023 14:19 CST)

The accompanying notes are an integral part of these financial statements.

LIGHTHOUSE EVANGELISTIC ASSOCIATION INC.
Statement of Changes in Net Assets
(Unaudited)

For the year ended December 31

	Invested in Capital Assets	Unrestricted	Total
Balance as at December 31, 2020	\$ 102,352	\$ 494,242	\$ 596,594
Excess (deficiency) of revenue over expenditures for the year	(44,072)	309,921	265,849
Net change in investment in capital assets (Note 5)	38,188	(38,188)	-
Balance as at December 31, 2021	96,468	765,975	862,443
Excess (deficiency) of revenue over expenditures for the year	(19,400)	8,525	(10,875)
Net change in investment in capital assets (Note 5)	74,100	(74,100)	-
Balance as at December 31, 2022	\$ 151,168	\$ 700,400	\$ 851,568

The accompanying notes are an integral part of these financial statements.

LIGHTHOUSE EVANGELISTIC ASSOCIATION INC.
Statement of Operations
(Unaudited)

For the year ended December 31	2022	2021
Revenue		
Donations		
Mail	\$ 474,893	\$ 603,400
Canvassing	94,870	83,586
Other donations	59,305	73,084
Corporate	18,160	9,612
Gifts in kind	16,802	-
Other revenue	746	1,700
Grants		
Other	37,762	31,763
End Homelessness	30,000	43,500
Winnipeg Foundation	10,000	40,000
Second Harvest Food Support	-	13,500
Kinsmen Club of Winnipeg	-	31,972
Amortization of deferred contributions	10,576	6,146
Interest	2,750	1,580
Other fundraising revenue	2,100	19,550
	757,964	959,393
Expenditures (see schedule)	768,839	666,524
Excess (deficiency) of revenue over expenditures before other item	(10,875)	292,869
Other Item		
Loss on disposal of capital assets	-	(27,020)
Excess (deficiency) of revenue over expenditures for the year	\$ (10,875)	\$ 265,849

The accompanying notes are an integral part of these financial statements.

LIGHTHOUSE EVANGELISTIC ASSOCIATION INC.
Statement of Cash Flows
(Unaudited)

For the year ended December 31	2022	2021
Cash Flows from Operating Activities		
Excess (deficiency) of revenue over expenditures for the year	\$ (10,875)	\$ 265,849
Adjustments for items not affecting cash		
Amortization of capital assets	29,976	23,198
Amortization of deferred contributions	(10,576)	(6,146)
Loss on disposal of capital assets, net	-	27,020
	<u>8,525</u>	<u>309,921</u>
Changes in non-cash operating working capital balances		
GST receivable	1,152	(1,576)
Prepaid expenses	(898)	(8,354)
Accounts payable and accrued liabilities	50,114	13,646
Deferred revenue	-	(38,635)
	<u>58,893</u>	<u>275,002</u>
Cash Flows from Investing Activities		
Proceeds on disposal of capital assets	-	10,000
Purchase of capital assets	(74,100)	(231,799)
	<u>(74,100)</u>	<u>(221,799)</u>
Cash Flows from Financing Activities		
Contributions received to fund capital assets	-	183,611
	<u>-</u>	<u>183,611</u>
Net increase (decrease) in cash and bank during the year	(15,207)	236,814
Cash and bank, beginning of year	817,120	580,306
Cash and bank, end of year	\$ 801,913	\$ 817,120

The accompanying notes are an integral part of these financial statements.

LIGHTHOUSE EVANGELISTIC ASSOCIATION INC.
Notes to Financial Statements
(Unaudited)

For the year ended December 31, 2022

1. Nature of Operations and Summary of Significant Accounting Policies

a) Nature and Purpose of Organization

The Lighthouse Evangelistic Association Inc. ("Organization") is a Manitoba company registered with Canada Revenue Agency as a charitable organization, registration No. 889250460. The Organization receives no government funding and provides clothing, food and aid for the homeless. The Organization is controlled by Teen Challenge of Central Canada Inc. (Note 6).

b) Basis of Accounting

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

c) Revenue Recognition

The Organization follows the deferral method of accounting for contributions which include donations.

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

Donations, grants and other fundraising revenue and interest are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Donated capital assets and donations received for the purpose of purchasing capital assets are deferred and recorded as revenue in the statement of operations at rates which match the amortization of the related donated asset or capital asset purchased with the donations.

d) Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market are reported at fair value, with any unrealized gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

LIGHTHOUSE EVANGELISTIC ASSOCIATION INC.
Notes to Financial Statements
(Unaudited)

For the year ended December 31, 2022

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

e) Capital Assets

Purchased capital assets are recorded at cost less accumulated amortization. Donated capital assets are recorded at fair market values at the date of the contribution. In 2020 there was a change in the amortization method and rates of computers, furniture and equipment and vehicles from diminishing balance basis to straight-line basis. Amortization is provided for using the following rates and methods:

Buildings	5% straight-line basis
Computer equipment	33% straight-line basis
Computer software	100% in year of acquisition
Furniture and equipment	10% straight-line basis
Furniture and equipment - donated	10% straight-line basis
Vehicles	20% straight-line basis

The impact of change in measurement policy and estimated useful lives is not material.

f) Contributed Materials

Contributed materials and services which are used in the normal course of the Organization's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

g) Use of Estimates

The preparation of financial statements in accordance 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 expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

LIGHTHOUSE EVANGELISTIC ASSOCIATION INC.
Notes to Financial Statements
(Unaudited)

For the year ended December 31, 2022

2. Capital Assets

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Buildings	\$ 403,353	\$ 67,926	\$ 329,253	\$ 49,611
Computer equipment	2,727	2,726	2,727	2,535
Computer software	4,403	4,403	4,403	4,403
Furniture and equipment	70,657	65,736	70,657	58,670
Furniture and equipment - donated	2,700	2,620	2,700	2,620
Vehicles	22,018	18,916	22,018	14,512
	\$ 505,858	\$ 162,327	\$ 431,758	\$ 132,351
Net book value		\$ 343,531		\$ 299,407

3. Accounts Payable and Accrued Liabilities

	2022	2021
Trade	\$ 110,476	\$ 64,162
Accrued liabilities	3,800	-
	\$ 114,276	\$ 64,162

LIGHTHOUSE EVANGELISTIC ASSOCIATION INC.
Notes to Financial Statements
(Unaudited)

For the year ended December 31, 2022

4. Deferred Contributions

Deferred contributions related to capital assets represent the unamortized amount of donated capital assets, or funds received for the purchase of capital assets.

	<u>2022</u>	<u>2021</u>
Balance, beginning of the year	\$ 202,939	\$ 25,473
Additional contributions received	-	183,612
Less amounts amortized to revenue	<u>(10,576)</u>	<u>(6,146)</u>
Balance, end of year	<u>\$ 192,363</u>	<u>\$ 202,939</u>

5. Investment in Capital Assets

Investment in capital assets is calculated as follows:

	<u>2022</u>	<u>2021</u>
Capital assets	\$ 343,531	\$ 299,407
Amounts financed by deferred contributions	<u>(192,363)</u>	<u>(202,939)</u>
	<u>\$ 151,168</u>	<u>\$ 96,468</u>

Change in net assets invested in capital assets is calculated as follows:

	<u>2022</u>	<u>2021</u>
Deficiency of revenue over expenditures		
Amortization of deferred contributions related to capital assets	\$ 10,576	\$ 6,146
Amortization of capital assets	<u>(29,976)</u>	<u>(23,198)</u>
Loss on disposal of capital assets	-	<u>(27,020)</u>
	<u>\$ (19,400)</u>	<u>\$ (44,072)</u>
Net changes in investment in capital assets		
Purchase of capital assets	\$ 74,100	\$ 231,799
Contributions related to assets sold during year	-	(10,000)
Amounts funded by donations	-	<u>(183,611)</u>
	<u>\$ 74,100</u>	<u>\$ 38,188</u>

LIGHTHOUSE EVANGELISTIC ASSOCIATION INC.
Notes to Financial Statements
(Unaudited)

For the year ended December 31, 2022

6. Related Party Transactions

By virtue of common Board of Directors, Teen Challenge of Central Canada Inc. controls The Lighthouse Evangelistic Association Inc., (the "Lighthouse").

The Organization pays Teen Challenge of Central Canada Inc. ("Teen Challenge") an administration fee annually to perform financial, managerial, promotional and other services on its behalf. The total administration fee for the year amounted to \$97,399 (\$119,678 in 2021). During the year, the Organization also paid Teen Challenge \$184,252 (\$118,103 in 2021) for assistance with food preparation, serving of meals and maintenance. Additionally, the Organization sold capital assets to Teen Challenge with a net book value of \$NIL (\$30,000 in 2021) for proceeds of \$NIL (\$10,000 in 2021) which resulted in a loss on disposal of \$NIL (\$20,000 in 2021).

At the end of the year, the amount due to Teen Challenge was \$104,464 (\$55,779 in 2021).

Related party transactions arise in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties), which approximates the arm's length equivalent value of the product purchased.

7. Financial Instrument Risk Management

The Organization, through its financial assets and liabilities, is exposed to various risks in the normal course of operations. The Organization's objective in risk management is to optimize the risk return trade-off, within set limits, by applying integrated risk management and control strategies, policies and procedures throughout the Organization's activities. The following analysis provides a measurement of those risks at December 31, 2022.

Credit Risk

Credit risk is the risk that the Organization will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist primarily of cash and bank and accounts receivable. The Organization is not exposed to significant credit risk as the accounts receivable is minimal and payment in full is typically collected when it is due. Credit risk has not changed from prior year.

Liquidity Risk

Liquidity risk is the risk that the Organization will not be able to meet its obligations as they fall due. The Organization maintains adequate levels of working capital to ensure all its obligations can be met when they fall due. Liquidity risk has not changed from prior year.

LIGHTHOUSE EVANGELISTIC ASSOCIATION INC.
Notes to Financial Statements
(Unaudited)

For the year ended December 31, 2022

7. Financial Instrument Risk Management (continued)

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 market interest rates. The Organization is not exposed to significant interest rate risk as cash and bank are held in short-term products. Interest rate risk has not changed from prior year.

LIGHTHOUSE EVANGELISTIC ASSOCIATION INC.
Schedule of Expenditures
(Unaudited)

For the year ended December 31	2022	2021
Administration	\$ 97,399	\$ 119,678
Advertising	16,944	2,605
Amortization of capital assets	29,976	23,198
Bank charges and interest	7,521	8,331
Canvass commissions	24,290	22,472
Fundraising	629	-
Groceries	98,116	72,139
Housekeeping and security	2,147	1,727
Insurance	14,430	10,885
Materials and supplies	55,508	53,380
Meals and entertainment	-	80
Membership dues and subscriptions	24,650	2,054
Miscellaneous	11,971	13,770
Office supplies, printing and stationery	32,654	19,776
Postage and courier	1,082	6,015
Professional fees	8,385	4,148
Property tax	727	719
Repairs and maintenance	22,321	28,551
Rent	-	48,000
Salaries and benefits	200,941	122,765
Staff training	4,795	7,038
Subcontracting and commissions	77,400	75,600
Telephone and cellular phone	6,938	5,214
Utilities	21,999	17,526
Vehicle	8,016	853
	\$ 768,839	\$ 666,524