



## Consolidated Financial Statements

Eastern Ontario District of the Pentecostal  
Assemblies of Canada

December 31, 2020

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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 District Executive of the  
Eastern Ontario District of the Pentecostal Assemblies of Canada

### Opinion

We have audited the consolidated financial statements of Eastern Ontario District of the Pentecostal Assemblies of Canada (the "District"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of activities, 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, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the District as at December 31, 2020, and the consolidated 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 Consolidated Financial Statements* section of our report. We are independent of the District in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the District'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 District or to cease operations, or has no realistic alternative but to do so.

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

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 District'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 District'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 consolidated 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 District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

Mississauga, Canada  
March 30, 2021

Chartered Professional Accountants  
Licensed Public Accountants

# Eastern Ontario District of the Pentecostal Assemblies of Canada Consolidated Statement of Financial Position

December 31, 2020

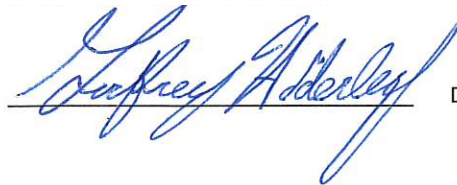
	General District	Heritage Holdings	Lakeshore Pentecostal Camp	Ottawa Valley Pentecostal Camp	2020 Total	2019 Total
<b>Assets</b>						
<b>Current</b>						
Cash	\$ 739,029	\$ -	\$ 243,855	\$ 46,666	\$ 1,029,550	\$ 891,204
Guaranteed investment certificates ("GICs")	-	-	33,813	2,252	36,065	-
Cash for designated and internally restricted funds (Note 3)	209,933	-	-	-	209,933	2,724,355
GICs for designated and internally restricted funds (Note 3)	2,104,267	-	781,561	125,336	3,011,164	-
Accounts receivable	45,172	-	60,198	24,774	130,144	160,081
Prepaid expenses and other assets	55,592	-	42,188	4,501	102,281	94,264
	<u>3,153,993</u>	<u>-</u>	<u>1,161,615</u>	<u>203,529</u>	<u>4,519,137</u>	<u>3,869,904</u>
Investments held by Lakeshore Foundation Fund (Note 4)	-	-	160,400	-	160,400	144,300
Property and equipment (Note 5)	192,462	500,000	4,413,791	985,042	6,091,295	5,878,277
	<u>\$ 3,346,455</u>	<u>\$ 500,000</u>	<u>\$ 5,735,806</u>	<u>\$ 1,188,571</u>	<u>\$10,770,832</u>	<u>\$ 9,892,481</u>
<b>Liabilities and net assets</b>						
<b>Current</b>						
Accounts payable and accrued liabilities	\$ 336,237	\$ -	\$ 58,659	\$ 18,268	\$ 413,164	\$ 309,061
Designated funds payable (Note 6)	93,222	-	781,561	125,336	1,000,119	838,396
Deferred revenue	-	-	7,608	-	7,608	15,981
Promissory notes payable (Note 7)	473,556	-	-	-	473,556	502,465
	<u>903,015</u>	<u>-</u>	<u>847,828</u>	<u>143,604</u>	<u>1,894,447</u>	<u>1,665,903</u>
Loan payable – CEBA (Note 8)	30,000	-	-	-	30,000	-
	<u>933,015</u>	<u>-</u>	<u>847,828</u>	<u>143,604</u>	<u>1,924,447</u>	<u>1,665,903</u>
<b>Net assets</b>						
Invested in property and equipment	192,462	500,000	4,413,791	985,042	6,091,295	5,878,277
Accumulated unrestricted surplus	-	-	313,787	59,925	373,712	318,042
Internally restricted (Note 3)	2,220,978	-	-	-	2,220,978	1,885,959
Endowment fund (Note 4)	-	-	160,400	-	160,400	144,300
	<u>2,413,440</u>	<u>500,000</u>	<u>4,887,978</u>	<u>1,044,967</u>	<u>8,846,385</u>	<u>8,226,578</u>
	<u>\$ 3,346,455</u>	<u>\$ 500,000</u>	<u>\$ 5,735,806</u>	<u>\$ 1,188,571</u>	<u>\$10,770,832</u>	<u>\$ 9,892,481</u>

Contingent liabilities (Note 10)  
Commitments (Note 12)

On behalf of the District Executive



Director



Director

See accompanying notes to the consolidated financial statements.

# Eastern Ontario District of the Pentecostal Assemblies of Canada

## Consolidated Statement of Activities

Year ended December 31

	General District	Heritage Holdings	Lakeshore Pentecostal Camp	Ottawa Valley Pentecostal Camp	2020 Total	2019 Total
<b>Revenue</b>						
Tithes						
Churches	\$ 2,464,757	\$ -	\$ -	\$ -	\$ 2,464,757	\$ 2,501,829
Credential holders	421,679	-	-	-	421,679	449,021
Sales and rentals	-	-	734,567	186,447	921,014	1,167,264
Donations and offerings	57,486	-	116,189	102,205	275,880	652,144
COVID-19 subsidies	86,949	-	60,019	22,403	169,371	-
Interest and other	89,040	-	-	-	89,040	54,625
Ministries registration and offerings	33,398	-	-	-	33,398	225,594
Registration fees	3,100	-	-	-	3,100	229,154
District conference	-	-	-	-	-	58,625
	<u>3,156,409</u>	<u>-</u>	<u>910,775</u>	<u>311,055</u>	<u>4,378,239</u>	<u>5,338,256</u>
<b>Expenditures</b>						
Salaries and benefits (Note 9)	1,130,173	-	273,625	105,942	1,509,740	1,706,724
Administration and office	419,842	-	30,418	18,960	469,220	388,583
Building and property	20,511	-	294,099	144,142	458,752	558,260
Subsidies and donations	338,635	-	-	-	338,635	295,237
Bible colleges operations	298,030	-	-	-	298,030	269,649
National Office tithes	248,683	-	-	-	248,683	251,668
Camp operations	-	-	51,854	25,223	77,077	530,978
Pastoral and church care	51,957	-	-	-	51,957	104,852
Church ministries	50,197	-	-	-	50,197	242,654
Interest and bank charges	23,387	-	16,727	7,204	47,318	54,389
Missions	-	-	25,000	7,000	32,000	72,491
District conference	3,057	-	-	-	3,057	126,012
	<u>2,584,472</u>	<u>-</u>	<u>691,723</u>	<u>308,471</u>	<u>3,584,666</u>	<u>4,601,497</u>
Excess of revenue over expenditures from operations	571,937	-	219,052	2,584	793,573	736,759
Gain (loss) on sale of property	-	-	900	(14,500)	(13,600)	64,416
Amortization of property and equipment	(11,652)	-	(131,973)	(32,641)	(176,266)	(169,382)
Subsidies	(153,991)	-	82,742	71,249	-	-
	<u>(165,643)</u>	<u>-</u>	<u>(48,331)</u>	<u>24,108</u>	<u>(189,866)</u>	<u>(104,966)</u>
Excess of revenue over expenditures	<u>\$ 406,294</u>	<u>\$ -</u>	<u>\$ 170,721</u>	<u>\$ 26,692</u>	<u>\$ 603,707</u>	<u>\$ 631,793</u>

See accompanying notes to the consolidated financial statements.

## Eastern Ontario District of the Pentecostal Assemblies of Canada Consolidated Statement of Changes in Net Assets

Year ended December 31

	Invested in property and equipment	Unrestricted	Internally restricted	Endowment fund	2020 Total	2019 Total
Consolidated net assets, beginning of year	\$ 5,878,277	\$ 318,042	\$ 1,885,959	\$ 144,300	\$ 8,226,578	\$ 7,582,111
Excess (deficiency) of revenue over expenditures	(189,866)	793,573	-	-	603,707	631,793
Endowment contributions (Note 4)	-	-	-	16,100	16,100	12,674
Transfer to internally restricted net assets (Note 3)	-	(561,741)	561,741	-	-	-
Proceeds from sale of property and equipment	(22,800)	22,800	-	-	-	-
Purchases of environmental upgrade capital expenditures (Note 3)	226,722	-	(226,722)	-	-	-
Purchases of property and equipment	198,962	(198,962)	-	-	-	-
Consolidated net assets, end of year	<u>\$ 6,091,295</u>	<u>\$ 373,712</u>	<u>\$ 2,220,978</u>	<u>\$ 160,400</u>	<u>\$ 8,846,385</u>	<u>\$ 8,226,578</u>

See accompanying notes to the consolidated financial statements.

# Eastern Ontario District of the Pentecostal Assemblies of Canada

## Consolidated Statement of Cash Flows

Year ended December 31

2020

2019

Increase (decrease) in cash

### Operating

Excess of revenue over expenditures	\$ 603,707	\$ 631,793
Items not involving cash		
Amortization of property and equipment	176,266	169,382
Gain (loss) on sale of property	13,600	(64,416)
Loss on disposal of property	-	10,639
Reinvested interest earned on GICs	(7,229)	-
Forgivable portion of loan payable – CEBA	(10,000)	-
Designated funds payable recognized (Note 6)	<u>(136,140)</u>	<u>(349,941)</u>

640,204                      397,457

Net change in non-cash working capital balances

Accounts receivable	29,937	(20,847)
Prepaid expenses and other assets	(8,017)	396
Accounts payable and accrued liabilities	104,103	(6,457)
Deferred revenue	<u>(8,373)</u>	<u>15,981</u>

117,650                      (10,927)

Designated funds received (Note 6)

297,863                      360,124

1,055,717                      746,654

### Financing

Advance (repayment) of promissory notes payable	(28,909)	1,067
Proceeds from loan payable – CEBA	<u>40,000</u>	<u>-</u>

11,091                      1,067

### Investing

Purchase of investments held by Lakeshore Foundation Fund (Note 4)	(16,100)	(12,674)
Purchases of property and equipment	(198,962)	(174,789)
Purchases of environmental upgrade capital expenditures	(226,722)	-
Purchase of guaranteed investment certificates	(3,040,000)	-
Proceeds from sale of property	22,800	-
Endowment contribution	<u>16,100</u>	<u>12,674</u>

(3,442,884)                      (174,789)

Net change in cash during the year

(2,376,076)                      572,932

Cash, beginning of year

3,615,559                      3,042,627

Cash, end of year

\$ 1,239,483                      \$ 3,615,559

Cash consists of:

Cash	\$ 1,029,550	\$ 891,204
Cash for designated and internally restricted funds	<u>209,933</u>	<u>2,724,355</u>

\$ 1,239,483                      \$ 3,615,559

See accompanying notes to the consolidated financial statements.



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# Eastern Ontario District of the Pentecostal Assemblies of Canada

## Notes to the Consolidated Financial Statements

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December 31, 2020

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### 1. Purpose of organization

The purpose of the Eastern Ontario District of the Pentecostal Assemblies of Canada (the "District") is to promulgate the gospel of Jesus Christ, establish new congregations and provide leadership and support to those churches in Eastern Ontario and Nunavut which are affiliated with The Pentecostal Assemblies of Canada (the "PAOC"). The District is an Ontario not-for-profit corporation, and derives its jurisdiction and authority from the General Conference of The Pentecostal Assemblies of Canada. The District is a registered charity under the Income Tax Act (Canada) and is exempt from income taxes.

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### 2. Summary of significant accounting policies

The consolidated financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"), the more significant of which are outlined below.

#### Basis of consolidation

The consolidated financial statements include the accounts of the Eastern Ontario District of the Pentecostal Assemblies of Canada (which includes Lakeshore Pentecostal Camp and Ottawa Valley Pentecostal Camp) and Eastern Ontario Heritage Holdings (Non-Profit) ("Heritage Holdings").

Heritage Holdings is incorporated without share capital as a not-for-profit organization. The main purpose of the organization is to advance the work of the PAOC by holding land for the District office and a religious retreat centre. The organization is controlled by the District due to common Board of Directors ("Board") members.

#### Use of estimates

Management reviews the carrying amounts of items in the consolidated financial statements at each consolidated statement of financial position date to assess the need for revision. Certain items in the preparation of these consolidated 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 excess of revenue over expenditures as appropriate in the year they become known.

#### Fund accounting

The District follows the principles of fund accounting, under which resources for particular purposes are classified for accounting and reporting into funds corresponding to those purposes.

##### *General District*

The General District fund consists of assets, liabilities, revenue and expenditures related to the operations of the District which are not included in other funds. It also includes internally restricted funds for environmental advance funding for the camps and for Church Health and Multiplication funding.

##### *Heritage Holdings*

The Heritage Holdings fund consists of the Heritage Holdings property and includes the revenue relating to the gain on sale of property.

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# Eastern Ontario District of the Pentecostal Assemblies of Canada

## Notes to the Consolidated Financial Statements

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December 31, 2020

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

#### Fund accounting (continued)

##### *Lakeshore Pentecostal Camp*

The Lakeshore Pentecostal Camp fund reports the assets, liabilities, revenue and expenditures of the Lakeshore Pentecostal Camp located near Cobourg, Ontario.

Included in Lakeshore Pentecostal Camp is an endowment held in the Lakeshore Foundation Fund (Note 4).

##### *Ottawa Valley Pentecostal Camp*

The Ottawa Valley Pentecostal Camp fund reports the assets, liabilities, revenue and expenditures of the Ottawa Valley Pentecostal Camp located in Cobden, Ontario.

#### Revenue recognition

The District follows the deferral method of accounting for restricted donations, tithes and offerings. Restricted donations, tithes and offerings are recognized as revenue in the year in which the related expenditures are incurred. To the extent that revenue has not been recognized, it has been reflected as designated funds payable. Unrestricted donations, tithes and offerings are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Sales and rentals, registration fees, and conference revenue are recognized as the services are provided. Fees charged for specific projects in advance of the related services are recorded as designated funds payable and recognized as revenue in the year in which the services are provided. Interest and other revenue are recognized when earned.

Endowment contributions are recognized as direct increases in the Endowment Fund when received.

COVID-19 subsidies include the forgivable portion of the loan payable – CEBA and the Canadian Emergency Wage Subsidy. These subsidies are considered government assistance and are recognized in the consolidated statement of activities when received or receivable in the year to which it relates.

#### Property and equipment

Purchased property and equipment are recorded at cost. Amortization is recorded on the property and equipment on a declining balance basis as follows, except for the Lakeshore Pentecostal Camp buildings which are amortized over 40 years on a straight-line basis:

Buildings	4 - 8%
Computers	30%
Equipment	10% - 20%
Site improvements and signs	10% - 20%
Drainage	10%
Vehicles	30%

Property and equipment are tested for impairment when events or changes in circumstances indicate that an asset might be impaired. The assets are tested for impairment by comparing the net carrying value to their fair value or replacement cost. If the asset's fair value or replacement cost is determined to be less than its net carrying value, the resulting impairment is reported in the consolidated statement of activities. Any impairment recognized is not reversed.

# Eastern Ontario District of the Pentecostal Assemblies of Canada

## Notes to the Consolidated Financial Statements

December 31, 2020

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

#### Contributed services

Contributed services are not recognized in the consolidated financial statements due to the difficulty of determining their value.

#### Financial instruments

The District considers any contract creating a financial asset, liability or equity instrument as a financial instrument. The District's financial instruments are comprised of cash, cash for designated and internally restricted funds, GICs, GICs for designated and internally restricted funds, accounts receivable, loan receivable, investments held by Lakeshore Foundation Fund, accounts payable, promissory notes payable and loan payable – CEBA.

The District initially measures its financial assets and financial liabilities at fair value. The District subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments held by Lakeshore Foundation Fund, which are measured at fair value.

### 3. Cash and GICs for designated and internally restricted funds

Cash and GICs for designated and internally restricted funds are as follows:

	<b>2020</b>	2019
Cash	<b>\$ 209,933</b>	\$ 2,724,355
GICs	<b>3,011,164</b>	-
	<b>\$ 3,221,097</b>	\$ 2,724,355

The cash and GICs for designated and internally restricted funds balance is set aside for the following commitments:

	<b>2020</b>	2019
Designated funds payable (Note 6)	<b>\$ 1,000,119</b>	\$ 838,396
Internally restricted net assets		
Environmental advance funding for the camps	<b>1,588,323</b>	1,199,158
Promissory notes funding	<b>473,556</b>	502,465
Church Health and Multiplication	<b>159,099</b>	184,336
	<b>2,220,978</b>	1,885,959
	<b>\$ 3,221,097</b>	\$ 2,724,355

Environmental advance funding for the camps has been internally restricted by the District for costs for the environmental upgrade project. During the year, \$226,722 (2019 - \$Nil) was transferred to cover the purchases of capital assets in relation to the project.

GICs and GICs for designated and internally restricted funds are held with Royal Bank of Canada, bearing interest at 0.80% and maturing on June 1, 2021.

# Eastern Ontario District of the Pentecostal Assemblies of Canada

## Notes to the Consolidated Financial Statements

December 31, 2020

### 4. Investments held by Lakeshore Foundation Fund

The Lakeshore Foundation Fund was established in 2011. Income earned on the endowment investment is used to subsidize camp registration fees for children and youth.

During the year, Lakeshore Pentecostal Camp received endowment contributions of \$16,100 (2019 - \$12,674) towards the Lakeshore Foundation Fund. Endowment contributions are invested in certificate loans held by the Pentecostal Financial Services Group ("PFSG"), a wholly-owned subsidiary of the PAOC. These certificate loans earn interest at rates between 2.40% and 3.87% and mature in 2021. Interest of \$3,576 (2019 - \$3,239) earned on the fund is included in designated funds payable under camp sponsorships (Note 6) in accordance with the terms of the endowment.

### 5. Property and equipment

	Cost	Accumulated Amortization	<u>2020</u> Net	<u>2019</u> Net
<b>General District</b>				
Land held for planting	\$ 20,837	\$ -	\$ 20,837	\$ 20,837
Buildings	260,597	(105,982)	154,615	82,475
Computers	132,168	(119,381)	12,787	13,359
Equipment	<u>229,143</u>	<u>(224,920)</u>	<u>4,223</u>	<u>4,516</u>
	<u>642,745</u>	<u>(450,283)</u>	<u>192,462</u>	<u>121,187</u>
<b>Heritage Holdings</b>				
Land	<u>500,000</u>	<u>-</u>	<u>500,000</u>	<u>500,000</u>
<b>Lakeshore Pentecostal Camp</b>				
Land	2,080,000	-	2,080,000	2,080,000
Buildings	4,187,466	(2,052,138)	2,135,328	2,017,429
Equipment	828,334	(706,235)	122,099	120,895
Site improvements and signs	407,671	(357,572)	50,099	57,041
Drainage	163,297	(142,006)	21,291	23,657
Vehicles	<u>168,995</u>	<u>(164,021)</u>	<u>4,974</u>	<u>2,650</u>
	<u>7,835,763</u>	<u>(3,421,972)</u>	<u>4,413,791</u>	<u>4,301,672</u>
<b>Ottawa Valley Pentecostal Camp</b>				
Land	560,000	-	560,000	560,000
Buildings	1,024,296	(681,181)	343,115	326,146
Computers	3,420	(2,252)	1,168	1,460
Equipment	262,909	(218,843)	44,066	43,649
Site improvements	283,712	(251,676)	32,036	17,510
Vehicles	<u>65,447</u>	<u>(60,790)</u>	<u>4,657</u>	<u>6,653</u>
	<u>2,199,784</u>	<u>(1,214,742)</u>	<u>985,042</u>	<u>955,418</u>
	<u>\$ 11,178,292</u>	<u>\$ (5,086,997)</u>	<u>\$ 6,091,295</u>	<u>\$ 5,878,277</u>

The District is registered on the title of certain local churches. As is customary in the PAOC, the values of these properties are recorded in the books and records of the local churches.

Included in buildings of Lakeshore Pentecostal Camp is \$226,722 (2019 - \$Nil) of building costs incurred in relation to the environmental upgrade project for the camp that was not completed as of year end. The asset will begin amortization once the project is complete.

# Eastern Ontario District of the Pentecostal Assemblies of Canada

## Notes to the Consolidated Financial Statements

December 31, 2020

### 6. Designated funds payable

	January 1, 2020	Received	Recognized	December 31, 2020
<b>General District</b>				
Women's Network L.I.F.E. Funds	\$ 77,181	\$ 14,275	\$ (14,275)	\$ 77,181
Ministers assistance program	12,813	-	-	12,813
Newcastle Pentecostal Church	-	2,000	-	2,000
Mission Canada	-	1,228	-	1,228
Master's College and Seminary support	-	36,500	(36,500)	-
Pastors assistance	-	10,000	(10,000)	-
Green Memorial Church Planting	-	1,180	(1,180)	-
PAOC Hutchinson Christmas gift	-	750	(750)	-
Small church assistance fund	-	500	(500)	-
	<u>89,994</u>	<u>66,433</u>	<u>(63,205)</u>	<u>93,222</u>
<b>Lakeshore Pentecostal Camp</b>				
Environmental upgrade fund	632,885	111,698	-	744,583
Gate installation	-	16,926	(2,798)	14,128
Sports and recreation	-	9,000	-	9,000
Memorial fund	6,833	1,160	-	7,993
Camp sponsorships	6,118	3,576	(4,959)	4,735
Capital funds	1,122	-	-	1,122
Missions	-	14,935	(14,935)	-
Camp registrations	10,542	-	(10,542)	-
Miscellaneous	23	-	(23)	-
	<u>657,523</u>	<u>157,295</u>	<u>(33,257)</u>	<u>781,561</u>
<b>Ottawa Valley Pentecostal Camp</b>				
Environmental upgrade fund	63,313	19,625	(3,259)	79,679
Camp projects	-	32,360	(14,419)	17,941
Tabernacle projects	10,783	15,000	-	25,783
Camp sponsorships	1,583	-	-	1,583
Memorial fund	200	150	-	350
Lodge basement repairs	15,000	-	(15,000)	-
Missions	-	7,000	(7,000)	-
	<u>90,879</u>	<u>74,135</u>	<u>(39,678)</u>	<u>125,336</u>
	<u>\$ 838,396</u>	<u>\$ 297,863</u>	<u>\$ (136,140)</u>	<u>\$ 1,000,119</u>

Designated funds payable for the environmental upgrade is funded through fees and donations collected by the District restricted for costs for the environmental upgrade project as a whole. As a result, designated funds payable are to be recognized in revenue as the funds are spent, regardless if those funds are spent on capital or preliminary expenditures. During the year, \$3,259 (2019 - \$47,354) was recognized as donations and offerings relating to preliminary expenditures.

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# Eastern Ontario District of the Pentecostal Assemblies of Canada

## Notes to the Consolidated Financial Statements

December 31, 2020

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### 7. Promissory notes payable

Promissory notes payable are payable to churches and related organizations, unsecured, bearing interest rates from 1.50% to 3.05% and redeemable on demand. Interest expense for the year amounted to \$12,703 (2019 - \$13,564) and is recorded in the consolidated statement of activities.

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### 8. Loan payable – CEBA

During the year, the District obtained the Canada Emergency Business Account (“CEBA”) loan of \$40,000. The loan is interest free and due no later than December 31, 2022. If the District is able to pay \$30,000 on or before December 31, 2022, the remaining \$10,000 will be forgiven. If the loan cannot be repaid by December 31, 2022, the loan will be converted into a 3-year term loan, with an interest rate of 5% due no later than December 31, 2025. As the District intends to pay the loan prior to December 31, 2022, the \$10,000 has been recognized as COVID-19 subsidies in the consolidated statement of activities.

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### 9. Pension Plan

The District participates in a defined benefit, multi-employer pension plan administered by The Pension Fund (1969) of The Pentecostal Assemblies of Canada (the “Plan”). The Plan is a defined benefit pension plan which specifies the amount of the retirement benefit to be received by the employees based upon the length of services and rates of pay. The District accounts for its participation in this multi-employer pension plan as a defined contribution plan. Because the Plan is a multi-employer plan, any Plan surpluses or deficits are a joint responsibility of the member organizations and their employees. As a result, the District does not recognize any share of the Plan surplus or deficit.

The most recent actuarial valuation of the Plan was conducted at December 31, 2019. The results of this valuation disclosed total actuarial liabilities of \$129,586,000 with respect to benefits accrued for service with actuarial assets at that date of \$142,519,000 indicating an actuarial surplus of \$12,933,000. In 2020, no additional contributions in the form of special payments have been required. Contributions made by the District on behalf of its employees during 2020 for current services were \$33,613 (2019 - \$32,702) and is included within salaries and benefits expense in the consolidated statement of activities. The next valuation date is as at December 31, 2022 and is expected to be available by October 2023.

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### 10. Contingent liabilities

#### Guarantees

As at December 31, 2019, the District was the guarantor of loans and mortgages for various churches in the amount of \$258,797. These loans and mortgages were secured by the properties of the churches. As at December 31, 2020, the District is not the guarantor of loans and mortgages for various churches.

The District is the joint guarantor, along with other participating districts, of loans made by investors to Master’s College and Seminary. The Districts’ responsibility as at December 31, 2020 is \$400,000 (2019 - \$400,000). These loans are unsecured.

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# Eastern Ontario District of the Pentecostal Assemblies of Canada

## Notes to the Consolidated Financial Statements

December 31, 2020

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### 10. Contingent liabilities (continued)

#### Guarantees (continued)

During 2019, the District, along with Master's College and Seminary and the Western Ontario District of The Pentecostal Assemblies of Canada, co-signed a lease for the 780 Argyle Street property in Peterborough which was previously owned by Master's College and Seminary. The annual lease commitment paid by Master's College and Seminary is \$760,731 (2019 - \$753,199), with the term expiring on July 31, 2024. The future minimum rent payments are subject to increases based on the annual increase in the Consumer Price Index for all items for Canada published by Statistics Canada (the "Rent Consumer Price Index").

#### Environmental assessments

Lakeshore Pentecostal Camp is cooperating with the Ontario Ministry of the Environment with respect to an environmental assessment relating to sewage treatment. The camp will be addressing this issue by connecting to both water and sanitary services provided by the Town of Cobourg. The project will be completed in two phases with the first phase beginning in 2021 with an estimated cost to not exceed \$3,000,000. The costs associated with the second phase of the project have yet to be determined at this time. The upgrades are expected to enhance the value of the Lakeshore Pentecostal Camp property.

The work on the Ottawa Valley Pentecostal Camp's sewage system is being completed in accordance with the Ontario Ministry of the Environment's requirements. The project will be completed in the future and the expected cost of the project to bring the septic system to satisfactory condition has yet to be determined at this time.

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### 11. 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.

The District's main financial instrument exposure, which remains unchanged from the prior year, is detailed as follows:

#### Credit risk

Credit risk is the risk of financial loss occurring as a result of a counterparty to a financial instrument failing to discharge an obligation or commitment that it has entered into with the District. The District's main credit risks relate to its accounts receivable.

The District reduces its exposure to credit risk by performing ongoing evaluations and limiting the amount of credit extended when considered necessary. At December 31, 2020, the allowance for doubtful accounts is \$Nil (2019 - \$Nil).

#### 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 District is exposed to interest rate price risk with respect to its cash held in interest bearing savings accounts, GICs, investments held by Lakeshore Foundation fund, promissory notes payable and loan payable – CEBA.

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# Eastern Ontario District of the Pentecostal Assemblies of Canada

## Notes to the Consolidated Financial Statements

December 31, 2020

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### 11. Financial instruments (continued)

#### Liquidity risk

The District's liquidity risk represents the risk that the District could encounter difficulty in meeting obligations associated with its financial liabilities. The District is exposed to liquidity risk mainly in respect to accounts payable, promissory notes payable and loan payable – CEBA.

The District manages its liquidity risk by forecasting cash flows from operations, investing and financing activities to ensure that it has sufficient funds available to meet current and foreseeable financial obligations.

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### 12. Commitments

The District is committed under a lease for its district office to October 31, 2022. Future minimum lease payments are as follows:

2021	\$	71,050
2022		60,250

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### 13. COVID-19

The outbreak of a novel strain of coronavirus ("COVID-19") was declared a global pandemic by the World Health Organization in March 2020. COVID-19 has severely impacted many economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the District for future periods. As at the audit report date, the District continues to operate, providing support to those in the District in need, including its churches. Many events have been moved online with the intention to open in-person events as restrictions allow. While revenue has experienced a decline relative to historical trends, the District expects that ongoing cost mitigation efforts, accessibility to government assistance, as well as its commitment to adjust its expenditures as necessary will ensure the long-term sustainability of the District.

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### 14. Comparative amounts

Certain comparative amounts have been reclassified to conform to the current year's financial statement presentation.