
**EASTERN ONTARIO DISTRICT OF THE
PENTECOSTAL ASSEMBLIES OF
CANADA**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Eastern Ontario District of the Pentecostal Assemblies of Canada which comprise the consolidated statement of financial position as at December 31, 2023 and the consolidated statement of operations and changes in net assets, and consolidated statement of cash flows for the year then ended and notes to the consolidated 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 entity as at December 31, 2023 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.

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 entity 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 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 Canadian accounting standards for not-for-profit organizations 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 entity'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 entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity'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.

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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 entity'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 entity'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 entity 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.



NORTON McMULLEN LLP

Chartered Professional Accountants, Licensed Public Accountants

MARKHAM, Canada

March 26, 2024

EASTERN ONTARIO DISTRICT OF THE PENTECOSTAL ASSEMBLIES OF CANADA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31,

2023

2022

	General District	Heritage Holdings	Lakeshore Pentecostal Camp	Ottawa Valley Pentecostal Camp		
ASSETS						
Current						
Unrestricted cash	\$ 439,065	\$ -	\$ 161,642	\$ 61,651	662,358	\$ 708,253
Restricted cash (Note 2)	530,027	-	95,765	64,564	690,356	732,398
Restricted investments (Note 2)	2,000,000	-	-	-	2,000,000	1,000,000
Accounts receivable	88,348	-	77,016	26,036	191,400	200,209
Prepaid expenses and deposits	72,749	-	24,121	5,411	102,281	108,197
	<u>\$ 3,130,189</u>	<u>\$ -</u>	<u>\$ 358,544</u>	<u>\$ 157,662</u>	<u>\$ 3,646,395</u>	<u>\$ 2,749,057</u>
Loan Receivable (Note 3)	80,000	-	-	-	80,000	-
Investments held by Lakeshore Foundation Fund (Note 4)	-	-	176,537	-	176,537	168,200
Interdivisional Loan Receivable (Note 5)	628,881	-	-	-	628,881	922,805
Capital Assets (Note 6)	<u>168,977</u>	<u>500,000</u>	<u>6,957,662</u>	<u>1,275,333</u>	<u>8,901,972</u>	<u>9,049,727</u>
	<u>\$ 4,008,047</u>	<u>\$ 500,000</u>	<u>\$ 7,492,743</u>	<u>\$ 1,432,995</u>	<u>\$ 13,433,785</u>	<u>\$ 12,889,789</u>

LIABILITIES

Current

Accounts payable and accrued liabilities	\$ 321,817	\$ -	\$ 45,728	\$ 16,792	\$ 384,337	\$ 488,691
Designated funds payable (Note 7)	99,494	-	35,588	52,689	187,771	212,696
	<u>\$ 421,311</u>	<u>\$ -</u>	<u>\$ 81,316</u>	<u>\$ 69,481</u>	<u>\$ 572,108</u>	<u>\$ 701,387</u>

Deferred Capital Contributions (Note 8)

	-	-	1,440,685	187,021	1,627,706	1,349,062
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Interdivisional Loans Payable (Note 5)

	-	-	591,692	37,189	628,881	922,805
	<u>\$ 421,311</u>	<u>\$ -</u>	<u>\$ 2,113,693</u>	<u>\$ 293,691</u>	<u>\$ 2,828,695</u>	<u>\$ 2,973,254</u>

NET ASSETS

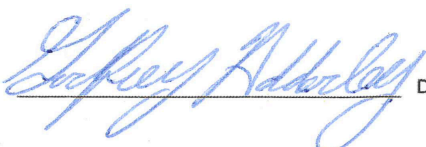
Unrestricted	1,156,203	500,000	5,142,336	1,127,429	7,925,968	8,228,633
Internally restricted (Note 2)	2,430,533	-	60,177	11,875	2,502,585	1,519,702
Endowment fund (Note 4)	-	-	176,537	-	176,537	168,200
	<u>\$ 3,586,736</u>	<u>\$ 500,000</u>	<u>\$ 5,379,050</u>	<u>\$ 1,139,304</u>	<u>\$ 10,605,090</u>	<u>\$ 9,916,535</u>
	<u>\$ 4,008,047</u>	<u>\$ 500,000</u>	<u>\$ 7,492,743</u>	<u>\$ 1,432,995</u>	<u>\$ 13,433,785</u>	<u>\$ 12,889,789</u>

Contingent Liabilities (Note 11)

Commitments (Note 12)

Approved by the Board:

 Director

 Director

See accompanying notes

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EASTERN ONTARIO DISTRICT OF THE PENTECOSTAL ASSEMBLIES OF CANADA
CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended December 31,

2023

2022

	General District	Heritage Holdings	Lakeshore Pentecostal Camp	Ottawa Valley Pentecostal Camp		
REVENUES						
Tithes - Churches	\$ 2,761,020	\$ -	\$ -	\$ -	\$ 2,761,020	\$ 2,527,748
Tithes - Credential holders	385,835	-	-	-	385,835	366,546
Sales and rentals	-	-	1,139,758	289,349	1,429,107	1,326,140
Contributions and offerings	167,888	-	211,160	375,801	754,849	605,764
Ministries registration and offerings	258,643	-	-	-	258,643	171,265
Interest income	84,844	-	1,361	993	87,198	34,454
Government assistance (Note 9)	8,680	-	56,420	8,060	73,160	109,347
	<u>\$ 3,666,910</u>	<u>\$ -</u>	<u>\$ 1,408,699</u>	<u>\$ 674,203</u>	<u>\$ 5,749,812</u>	<u>\$ 5,141,264</u>
EXPENSES						
Salaries and benefits	\$ 1,195,860	\$ -	\$ 469,982	\$ 218,564	\$ 1,884,406	\$ 1,841,416
Building and property	44,761	-	422,792	183,326	650,879	613,202
Camp operations	-	-	326,411	224,163	550,574	387,462
Administration and office	272,396	-	43,445	27,775	343,616	316,697
Master's College and Seminary	314,686	-	-	-	314,686	346,415
Subsidies and donations	294,645	-	-	-	294,645	278,152
National Office tithes	276,252	-	-	-	276,252	252,625
Church ministries	197,837	-	-	-	197,837	151,970
District conference	116,287	-	-	-	116,287	172,928
Pastoral and church care	82,359	-	-	-	82,359	87,136
Bank charges	14,804	-	27,405	10,818	53,027	44,619
Missions	-	-	25,830	25,778	51,608	50,474
	<u>\$ 2,809,887</u>	<u>\$ -</u>	<u>\$ 1,315,865</u>	<u>\$ 690,424</u>	<u>\$ 4,816,176</u>	<u>\$ 4,543,096</u>
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS						
	<u>\$ 857,023</u>	<u>\$ -</u>	<u>\$ 92,834</u>	<u>\$ (16,221)</u>	<u>\$ 933,636</u>	<u>\$ 598,168</u>
Amortization						
Amortization	\$ (11,510)	\$ -	\$ (172,992)	\$ (68,916)	\$ (253,418)	\$ (247,749)
Interdivisional subsidies (Note 5)	(149,320)	-	80,160	69,160	-	-
Gain on sale of capital assets	-	-	-	-	-	692
	<u>\$ (160,830)</u>	<u>\$ -</u>	<u>\$ (92,832)</u>	<u>\$ 244</u>	<u>\$ (253,418)</u>	<u>\$ (247,057)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES						
	<u>\$ 696,193</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ (15,977)</u>	<u>\$ 680,218</u>	<u>\$ 351,111</u>
NET ASSETS - Beginning						
	2,890,543	500,000	5,370,711	1,155,281	9,916,535	9,565,424
Endowment contributions						
	-	-	8,337	-	-	-
NET ASSETS - Ending						
	<u>\$ 3,586,736</u>	<u>\$ 500,000</u>	<u>\$ 5,379,050</u>	<u>\$ 1,139,304</u>	<u>\$ 10,605,090</u>	<u>\$ 9,916,535</u>

See accompanying notes

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EASTERN ONTARIO DISTRICT OF THE PENTECOSTAL ASSEMBLIES OF CANADA

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31,

2023

2022

CASH AND CASH EQUIVALENTS WERE PROVIDED BY (USED IN):

OPERATING ACTIVITIES

Excess of revenue over expenditures	\$ 680,218	\$ 351,111
Items not affecting cash:		
Amortization	253,418	247,749
Gain on sale of capital assets	-	(692)
Designated funds payable recognized (Note 7)	<u>(414,009)</u>	<u>(545,011)</u>
	\$ 519,627	\$ 53,157
Net change in non-cash working capital balances:		
Accounts receivable	8,809	119,269
Prepaid expenses and deposits	5,916	44,877
Accounts payable and accrued liabilities	(104,354)	(56,798)
Deferred capital contributions	278,644	410,728
Designated funds payable received (Note 7)	<u>389,084</u>	<u>469,484</u>
	\$ 1,097,726	\$ 1,040,717

INVESTING ACTIVITIES

Purchase of guaranteed investment certificates	\$ (1,000,000)	\$ (1,000,000)
Purchase of investments held by Lakeshore Foundation fund	(8,337)	-
Purchase of property and equipment	(63,108)	(425,556)
Purchases of environmental upgrade capital expenditures	(42,555)	(279,050)
Proceeds from loan receivable	(80,000)	-
Proceeds from sale of capital assets	-	2,500
Endowment contribution	<u>8,337</u>	<u>200</u>
	\$ (1,185,663)	\$ (1,701,906)

DECREASE IN CASH

\$ (87,937) \$ (661,189)

CASH - Beginning

1,440,651 2,101,840

CASH - Ending

\$ 1,352,714 \$ 1,440,651

See accompanying notes

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EASTERN ONTARIO DISTRICT OF THE PENTECOSTAL ASSEMBLIES OF CANADA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

NATURE OF OPERATIONS

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.

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

a) Principles 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 members of the Board of Directors.

The consolidated financial statements include the accounts of the District after elimination of inter-organizational transactions with the exception of interdivisional loans and subsidies.

b) Use of Estimates

The preparation of the consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions based on currently available information. Such estimates and assumptions affect the reported amounts of assets and liabilities as at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from the estimates used.

Significant estimates include the estimated useful life of capital assets.

EASTERN ONTARIO DISTRICT OF THE PENTECOSTAL ASSEMBLIES OF CANADA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

c) Fund Accounting

Resources are classified into funds according to the activities or objectives specified as follows:

General District

The General District fund consists of assets, liabilities, revenues and expenses related to the operations of the District. It also includes internally restricted funds for various District initiatives.

Heritage Holdings

The Heritage Holdings fund consists of the land and would include any revenue relating to the potential gain on the sale of the property.

Lakeshore Pentecostal Camp

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

Ottawa Valley Pentecostal Camp

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

d) Revenue Recognition

The District follows the deferral method of accounting for restricted contributions, tithes and offerings. Restricted contributions, 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 contributions, 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. Contributions for capital purposes are recognized as revenue on the same basis as the related capital asset.

Government assistance is recognized as revenue when received or receivable and collection is reasonably assured and when all conditions as to its use have been met.

Sales and rentals, registration fees, and conference revenues are recognized as revenue when 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.

EASTERN ONTARIO DISTRICT OF THE PENTECOSTAL ASSEMBLIES OF CANADA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

e) Capital Assets

Capital assets are recorded at cost. Amortization is being provided over the estimated useful life of the assets using the following annual rates and methods, except for the Lakeshore Pentecostal Camp buildings which are amortized over 40 years on a straight-line basis:

	<u>Rate</u>	<u>Method</u>
Buildings	4-8%	Straight-line
Computers	30%	declining balance
Equipment	10%-20%	declining balance
Site improvements and signs	10%-20%	declining balance
Drainage	10%	declining balance
Vehicles	30%	declining balance
Water & sewage installation	1.67%	declining balance

f) Impairment of Capital Assets

When a tangible capital asset no longer contributes to an organization's ability to provide goods and services, or the value of future economic benefits or service potential associated with the tangible capital asset is less than its net carrying amount, the net carrying amount of the tangible capital asset is written down to the asset's fair value or replacement cost.

g) Contributed Services

Volunteers contribute significant hours per year to assist the District in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the consolidated financial statements.

h) Financial Instruments

Initial Measurement

The District initially measures its financial assets and financial liabilities originated or exchanged in arm's length transactions at fair value.

Financial assets and financial liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the organization is in the capacity of management, are initially measured at cost. The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms.

EASTERN ONTARIO DISTRICT OF THE PENTECOSTAL ASSEMBLIES OF CANADA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

h) Financial Instruments - Continued

Subsequent Measurement

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

Financial assets subsequently measured at amortized cost include cash, GIC's and accounts receivable. Financial liabilities subsequently measured at amortized cost include accounts payable.

Impairment

Financial assets measured at amortized cost are tested for impairment when events or circumstances indicate possible impairment. Write-downs, if any, are recognized in the excess (deficiency) of revenues over expenses and may be subsequently reversed to the extent that the net effect after the reversal is the same as if there had been no write-down. There are no impairment indicators in the current year.

2. RESTRICTED CASH AND INVESTMENTS

Cash and investments are set aside for designated funds payable and internally restricted programs related to operational reserves, church health and multiplication, environmental advance funding for Lakeshore and Ottawa Valley Pentecostal Camps and future District office relocation beyond 2026 as follows:

	2023	2022
Designated funds payable (Note 7)	\$ 187,771	\$ 212,696
Internally restricted net assets	<u>2,502,585</u>	<u>1,519,702</u>
	<u>\$ 2,690,356</u>	<u>\$ 1,732,398</u>

Investments consist of GIC's that mature between June 2024 and October 2024 and bear interest ranging from 4.7% to 5.2%

3. LOAN RECEIVABLE

The District issued an \$80,000 interest-free loan which is due November 25, 2026.

EASTERN ONTARIO DISTRICT OF THE PENTECOSTAL ASSEMBLIES OF CANADA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

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 \$8,337 of endowment contributions (2022 - \$200) 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 and GIC's from RBC. These certificate loans earn interest at rates between 2.75% and 5.25% and mature from 2024 to 2026. Interest of \$4,610 (2022 - \$4,554) earned on the fund is included in designated funds payable under camp sponsorships (Note 7) in accordance with the terms of the endowment.

5. INTERDIVISIONAL LOANS AND TRANSACTIONS

In 2021, the District division loaned funds to Lakeshore Pentecostal Camp division for the ongoing environmental project construction. The loan is non-interest bearing and is expected to be repaid in 1 to 2 years based on projected cashflows and fundraising campaigns. During the year, \$130,547 was received and \$414,831 was repaid.

During the year, the District division loaned \$11,435 to and received \$21,985 from Ottawa Valley Pentecostal Camp. The loan is non-interest bearing with no fixed terms of repayment.

During the year, the District provided subsidies to Lakeshore Pentecostal Camp of \$80,160 (2022 - \$80,160) and Ottawa Valley Pentecostal Camp of \$69,160 (2022 - \$69,160) for operations.

EASTERN ONTARIO DISTRICT OF THE PENTECOSTAL ASSEMBLIES OF CANADA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

6. CAPITAL ASSETS

Capital assets consist of the following:

	2023			2022
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
General District				
Land	\$ 20,837	\$ -	\$ 20,837	\$ 20,837
Buildings	233,465	106,149	127,316	132,622
Computers	146,516	134,069	12,447	14,791
Equipment	236,802	228,426	8,377	4,215
	<u>\$ 637,620</u>	<u>\$ 468,644</u>	<u>\$ 168,977</u>	<u>\$ 172,465</u>
Heritage Holdings				
Land	\$ 500,000	\$ -	\$ 500,000	\$ 500,000
Lakeshore Pentecostal Camp				
Land	\$ 2,080,000	\$ -	\$ 2,080,000	\$ 2,080,000
Water and sewage	2,967,267	123,877	2,843,390	2,861,816
Buildings	4,219,612	2,346,640	1,872,972	1,950,917
Equipment	873,901	770,924	102,977	115,068
Site improvement and signs	409,750	373,775	35,975	40,676
Drainage	163,297	147,776	15,521	17,246
Vehicles	175,111	168,284	6,827	2,691
	<u>\$ 10,888,938</u>	<u>\$ 3,931,276</u>	<u>\$ 6,957,662</u>	<u>\$ 7,068,414</u>
Ottawa Valley Pentecostal Camp				
Land	\$ 560,000	\$ -	\$ 560,000	\$ 560,000
Buildings	1,066,896	726,238	340,658	353,697
Water and sewage	190,690	6,606	184,084	175,834
Site improvements	389,673	303,942	85,731	107,164
Equipment	315,856	251,443	64,413	54,614
Vehicles	128,462	89,370	39,092	55,845
Computers	4,735	3,380	1,355	1,694
	<u>\$ 2,656,312</u>	<u>\$ 1,380,979</u>	<u>\$ 1,275,333</u>	<u>\$ 1,308,848</u>
	<u>\$ 14,682,870</u>	<u>\$ 5,780,899</u>	<u>\$ 8,901,972</u>	<u>\$ 9,049,727</u>

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

EASTERN ONTARIO DISTRICT OF THE PENTECOSTAL ASSEMBLIES OF CANADA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

7. DESIGNATED FUNDS PAYABLE

Designated funds payable consist of the following:

	Balance Beginning	Received	Recognized	Balance Ending
General District				
Women's Network L.I.F.E.	\$ 94,469	\$ -	\$ 17,288	\$ 77,181
Pastors assistance	12,000	-	-	12,000
Ministers assistance program	12,813	-	2,500	10,313
Church missional initiatives	10,175	-	10,175	-
PAOC Hutchinson Christmas Gift	-	525	525	-
	<u>\$ 129,457</u>	<u>\$ 525</u>	<u>\$ 30,488</u>	<u>\$ 99,494</u>
Lakeshore Pentecostal Camp				
Sports and recreation equipment	\$ 11,569	\$ 7,200	\$ 4,212	\$ 14,557
Camp sponsorships	9,363	4,610	2,930	11,043
Memorial fund	11,039	460	2,529	8,970
Capital funds	1,018	2,798	2,798	1,018
Environmental upgrades (Note 8)	-	289,901	289,901	-
Missions	-	30,370	30,370	-
	<u>\$ 32,989</u>	<u>\$ 335,339</u>	<u>\$ 332,740</u>	<u>\$ 35,588</u>
Ottawa Valley Pentecostal Camp				
Camp projects	\$ 37,685	\$ 152	\$ 2,023	\$ 35,814
Memorial fund donations	10,782	4,680	-	15,462
Camp sponsorship	1,783	-	370	1,413
Environmental upgrades (Note 8)	-	22,610	22,610	-
Missions	-	25,778	25,778	-
	<u>\$ 50,250</u>	<u>\$ 53,220</u>	<u>\$ 50,781</u>	<u>\$ 52,689</u>
	<u>\$ 212,696</u>	<u>\$ 389,084</u>	<u>\$ 414,009</u>	<u>\$ 187,771</u>

EASTERN ONTARIO DISTRICT OF THE PENTECOSTAL ASSEMBLIES OF CANADA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

8. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions consist of contributions for capital projects follows:

Lakeshore Pentecostal Camp	2023	2022
Balance - Beginning	\$ 1,176,337	\$ 886,345
Add: Capital contributions received	289,901	313,087
Less: Amounts amortized as revenue in the year	<u>(25,553)</u>	<u>(23,095)</u>
Balance - Ending	<u>\$ 1,440,685</u>	<u>\$ 1,176,337</u>
Ottawa Valley Pentecostal Camp	2023	2022
Balance - Beginning	\$ 172,725	\$ 51,989
Add: Capital contributions received	22,610	129,183
Less: Amounts amortized as revenue in the year	<u>(8,314)</u>	<u>(8,447)</u>
Balance - Ending	<u>\$ 187,021</u>	<u>\$ 172,725</u>

9. GOVERNMENT ASSISTANCE

The District has received \$73,160 (2022 - \$109,347) of government assistance from the Canada Summer Jobs grant.

10. 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 2023, no additional contributions in the form of special payments have been required. Contributions made by the District on behalf of its employees during the year for current services were \$35,224 (2022 - \$34,343) and is included within salaries and benefits expense in the consolidated Statement of Operations. The next valuation is to be done no later than December 31, 2024.

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11. CONTINGENT LIABILITIES

Guarantees

The District is the joint guarantor, along with other participating districts, of loans made by investors to Master's College and Seminary. The District's responsibility as at December 31, 2023 is \$150,000 (2022 - \$150,000). These loans are unsecured and due June 23, 2024.

In 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 \$804,518 (2022 - \$787,585), with the term expiring on July 31, 2024. A future lease is in the process of being negotiated.

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. Phase 1 was completed in 2022. The costs associated with the next 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.

12. COMMITMENTS

The District is committed under a lease for its district office to October 31, 2026. Future minimum lease payments are as follows:

2024	\$	77,400
2025		78,600
2026		<u>79,800</u>
	\$	<u>235,800</u>

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13. FINANCIAL INSTRUMENTS

Risks and Concentrations

The District is exposed to various risks through its financial instruments. The following analysis provides a summary of the District's exposure to and concentrations of risk at December 31, 2023:

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. The District's main credit risks relate to its accounts receivable. There were no concentrations of credit risk as at December 31, 2023 and there has been no change in the assessment of credit risk from the prior year.

b) Liquidity Risk

Liquidity risk is the risk that the District will encounter difficulty in meeting obligations associated with financial liabilities. The District is exposed to this risk mainly with respect to its accounts payable and accrued liabilities. The District manages this risk by managing its working capital, ensuring that sufficient credit is available and by generating sufficient cash flow from operations. There has been no change in the assessment of liquidity risk from the prior year.

c) 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 risk, interest rate risk, and price risk. The District is not exposed to significant market risk.