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**GLOBAL KINGDOM MINISTRIES  
CHURCH INC.  
FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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## INDEPENDENT AUDITOR'S REPORT

To the Members  
Global Kingdom Ministries Church Inc.  
TORONTO  
Ontario

### *Opinion*

We have audited the accompanying financial statements of Global Kingdom Ministries Church Inc. which comprise the statement of financial position as at September 30, 2023 and the statement of operations, statement of changes in fund balances and statement of 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 entity as at September 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.

### *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 entity in accordance with the ethical requirements that are relevant to our audit of the 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 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.

In preparing the 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 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.

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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 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 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 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.



NORTON McMULLEN LLP

Chartered Professional Accountants, Licensed Public Accountants

MARKHAM, Canada

February 11, 2024

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**GLOBAL KINGDOM MINISTRIES CHURCH INC.****STATEMENT OF FINANCIAL POSITION**

As at September 30,

**2023****2022**

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**ASSETS****Current**

Cash and cash equivalents (Note 2)	\$ 453,426	\$ 702,225
Short-term investments (Note 3)	76,780	76,541
Accounts and other receivables	42,729	24,202
HST recoverable	29,307	21,565
Prepaid expenses	6,458	12,593
	<u>\$ 608,700</u>	<u>\$ 837,126</u>

**Capital Assets (Note 6)**13,351,157      13,653,072\$ 13,959,857      \$ 14,490,198

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**LIABILITIES****Current**

Accounts payable and accrued liabilities	\$ 133,192	\$ 100,678
Current portion of long-term debt (Note 7)	<u>6,946,102</u>	<u>221,143</u>
	<u>\$ 7,079,294</u>	<u>\$ 321,821</u>

**Long-Term Debt (Note 7)**

-      6,946,102

**Deferred Capital Contributions (Note 9)**3,000      4,000\$ 7,082,294      \$ 7,271,923**FUND BALANCES**

Unrestricted	\$ 375,509	\$ 706,448
Internally restricted fund	100,000	30,000
Capital and development fund	<u>6,402,054</u>	<u>6,481,827</u>
	<u>\$ 6,877,563</u>	<u>\$ 7,218,275</u>


\$ 13,959,857      \$ 14,490,198

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**Contingencies (Note 13)**

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Approved by the Board:

  
\_\_\_\_\_  
Director  
\_\_\_\_\_  
Director

See accompanying notes

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**GLOBAL KINGDOM MINISTRIES CHURCH INC.****STATEMENT OF CHANGES IN FUND BALANCES**

For the year ended September 30, 2023

2023

2022

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	General Fund		Capital and Development Fund	Total	Total
	General Unrestricted	Internally Restricted Fund			
<b>BALANCE - Beginning</b>	\$ 706,448	\$ 30,000	\$ 6,481,827	\$ 7,218,275	\$ 12,090,267
Excess (deficiency) of revenues over expenses	382,628	-	(723,340)	(340,712)	(4,871,992)
Transfer to internally restricted fund (Note 11)	(70,000)	70,000	-	-	-
Transfer to the capital and development fund (Note 11)	<u>(643,567)</u>	<u>-</u>	<u>643,567</u>	<u>-</u>	<u>-</u>
<b>BALANCE - Ending</b>	<u>\$ 375,509</u>	<u>\$ 100,000</u>	<u>\$ 6,402,054</u>	<u>\$ 6,877,563</u>	<u>\$ 7,218,275</u>

See accompanying notes

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**GLOBAL KINGDOM MINISTRIES CHURCH INC.****STATEMENT OF OPERATIONS**

For the year ended September 30,

**2023****2022**

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**REVENUES**

Contributions		
General	\$ 2,735,746	\$ 2,823,838
Missions	145,381	164,792
Capital	22,301	15,763
Rental	307,990	152,600
Ministry	91,552	68,872
Government assistance (Note 4)	30,650	147,597
Interest and other	17,620	2,248
	<u>\$ 3,351,240</u>	<u>\$ 3,375,710</u>

**EXPENSES**

Ministry (Note 10)	\$ 1,582,874	\$ 1,478,411
Administration (Note 10)	684,996	547,608
Building maintenance (Note 10)	454,023	309,601
Amortization	413,480	410,066
Loan interest	333,400	345,064
Missions and outreach (Note 10)	223,179	192,482
	<u>\$ 3,691,952</u>	<u>\$ 3,283,232</u>

**EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES  
BEFORE THE FOLLOWING:**

	\$ (340,712)	\$ 92,478
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Bad debt expense from Trinity Ravine Community Inc. (Note 5)	-	(5,137,270)
Loan interest income from Trinity Ravine Community Inc. (Note 5)	-	172,800

**DEFICIENCY OF REVENUES OVER EXPENSES**

	<u>\$ (340,712)</u>	<u>\$ (4,871,992)</u>
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See accompanying notes

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**GLOBAL KINGDOM MINISTRIES CHURCH INC.****STATEMENT OF CASH FLOWS**

For the year ended September 30,

**2023****2022**

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**CASH AND CASH EQUIVALENTS WERE PROVIDED BY (USED IN):****OPERATING ACTIVITIES**

Excess (deficiency) of revenues over expenses	\$ (340,712)	\$ (4,871,992)
Items not affecting cash:		
Bad debt expense from Trinity Ravine Community Inc.	-	5,137,270
Amortization	413,480	410,066
Amortization of deferred capital contributions	(1,000)	(1,000)
	<u>\$ 71,768</u>	<u>\$ 674,344</u>
Net change in non-cash working capital balances		
Accounts and other receivables	(18,527)	113,810
HST recoverable	(7,742)	(6,093)
Prepaid expenses	6,135	(6,051)
Accounts payable and accrued liabilities	32,514	9,018
Deferred capital contributions	-	5,000
	<u>\$ 84,148</u>	<u>\$ 790,028</u>

**FINANCING ACTIVITIES**

Repayment of long-term debt	\$ (221,143)	\$ (220,547)
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**INVESTING ACTIVITIES**

Reinvested interest on short-term investments	\$ (239)	\$ (238)
Advance to Trinity Ravine Community Inc.	-	(58,803)
Purchase of capital assets	(111,565)	(42,572)
	<u>\$ (111,804)</u>	<u>\$ (101,613)</u>

<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>\$ (248,799)</b>	<b>\$ 467,868</b>
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<b>CASH AND CASH EQUIVALENTS - Beginning</b>	<u><b>702,225</b></u>	<u><b>234,357</b></u>
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<b>CASH AND CASH EQUIVALENTS - Ending</b>	<u><u><b>\$ 453,426</b></u></u>	<u><u><b>\$ 702,225</b></u></u>
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See accompanying notes

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# GLOBAL KINGDOM MINISTRIES CHURCH INC.

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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### NATURE OF OPERATIONS

Global Kingdom Ministries Church Inc. (the "Church") is a multi-cultural family that worships together, grows together, and shares the Good News of Jesus Christ.

The Church was incorporated under the Corporations Act (Ontario) on June 28, 2018 and is a registered charity under the Income Tax Act. On July 2, 2020, The Church changed its name to Global Kingdom Ministries Church Inc. On October 1, 2020, Trinity Ravine Community Inc. (formerly Global Kingdom Ministries Inc.) transferred the net assets of its ministry operations to the Church (Note 5).

### 1. SIGNIFICANT ACCOUNTING POLICIES

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

#### Change in Accounting Policy

These financial statements include the following significant accounting policies:

#### a) Fund Accounting

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

##### i) General Fund - Unrestricted

The unrestricted fund accounts for the Church's ministry and administrative activities that are not accounted for within the internally restricted fund.

##### ii) General Fund - Internally Restricted

The internally restricted fund consists of the Contingency and Reserve Fund and is set aside by a resolution of the Church's Board of Directors (the "Board") to cover unexpected costs arising from unforeseen circumstances and planned costs for major repair and maintenance.

##### iii) Capital and Development Fund

The Capital and Development Fund reflects internally restricted revenue and funds expended to purchase and develop property and equipment.

#### b) Revenue Recognition

The Church follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Government assistance is recognized in the statement of operations when received and receivable in the year to which it relates. Government assistance received toward the purchase of capital assets are treated as deferred capital contributions and amortized into revenue on the same basis as the amortization of associated capital assets. Ministry, rental, interest and other income is recognized as earned if collection is reasonably assured.



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# GLOBAL KINGDOM MINISTRIES CHURCH INC.

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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### 1. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### c) 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 based on currently available information. Such estimates and assumptions affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from the estimates used.

Significant estimates and assumptions include the collectability of accounts receivable and the estimated useful life of capital assets.

#### d) Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in the Church's bank accounts and cashable term deposits.

#### 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:

	<u>Rate</u>	<u>Method</u>
Building	40 years	straight-line
Furniture and equipment	5 years	straight-line
Computer equipment and software	3 years	straight-line

The cost of property under development includes all expenditures incurred in connection with acquisition, including all direct development costs to prepare it for its productive use.

#### 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. 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 statement of operations. Any impairment recognized is not reversed.

#### g) Contributed Services

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

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# GLOBAL KINGDOM MINISTRIES CHURCH INC.

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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### 1. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### h) Financial Instruments

##### Measurement of Financial Instruments

The Church 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 Church 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.

The Church subsequently measures all its financial assets and liabilities at cost or amortized cost.

Financial assets subsequently measured at amortized cost include cash and cash equivalents, short-term investments and accounts and other receivables. Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

The Church has no financial assets measured at fair value and has not elected to carry any financial asset or liability at fair value.

##### 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.

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# GLOBAL KINGDOM MINISTRIES CHURCH INC.

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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### 2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	2023	2022
Cash	\$ 53,426	\$ 122,225
Cashable term deposits		
Interest at 5.15% per annum, matures March 2024	50,000	-
Interest at 5.00% per annum, matures December 2023	40,000	-
Interest at 5.00% per annum, matures November 2023	50,000	-
Interest at 4.90% per annum, matures October 2023	80,000	-
Interest at 4.90% per annum, matures October 2023	50,000	-
Interest at 4.80% per annum, matures October 2023	30,000	-
Interest at 3.45% per annum, matured March 2023	-	150,000
Interest at 3.25% per annum, matured December 2022	-	200,000
Interest at 3.15% per annum, matured November 2022	-	50,000
Interest at 2.65% per annum, matured November 2022	-	100,000
Interest at 3.00% per annum, matured October 2022	-	50,000
Cashable term deposits - internally restricted for Contingency and Reserve Fund		
Interest at 5.15% per annum, matures March 2024	50,000	-
Interest at 5.00% per annum, matures December 2023	50,000	-
Interest at 3.45% per annum, matured March 2023	-	30,000
	<u>\$ 453,426</u>	<u>\$ 702,225</u>

### 3. SHORT-TERM INVESTMENTS

Short-term investments consist of the following:

	2023	2022
Guaranteed investment certificate (GIC)		
Interest at 0.25% per annum, matures July 2024	\$ 76,780	\$ -
Guaranteed investment certificate (GIC)		
Interest at 0.25% per annum, matures April 2023	-	76,541
	<u>\$ 76,780</u>	<u>\$ 76,541</u>

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# GLOBAL KINGDOM MINISTRIES CHURCH INC.

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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#### 4. GOVERNMENT ASSISTANCE

Government assistance consists of the following:

	2023	2022
Canada summer jobs grant	\$ 24,650	\$ 122,102
Toronto Community Crisis Response Fund	5,000	-
Ontario Anti-Hate security grant	1,000	1,000
Canada Recovery Hiring Program (CRHP)	-	17,500
Canada Emergency Wage Subsidy (CEWS)	-	5,478
Canada Emergency Rent Subsidy (CERS)	-	1,517
	<u>\$ 30,650</u>	<u>\$ 147,597</u>

#### 5. RELATED PARTY TRANSACTIONS

Trinity Ravine Community Inc. (formerly Global Kingdom Ministries Inc.) ("TRC") was incorporated under the Canada Corporations Act on September 4, 2007 and continued under the Canada Not-for-profit Corporations Act and is a registered charity under the Income Tax Act. TRC's aim was to provide seniors housing for the community around the Church. The Church obtained control of TRC by virtue of its ability to elect TRC's Board of Directors immediately before the transfer below.

On October 1, 2020, TRC transferred the net assets of its ministry operations to the Church. Net assets in the amount of \$14,733,521 were transferred at their carrying amount to the Church in exchange for: (i) \$10; (ii) a note receivable from the Church in the amount of \$2,948,544; and (iii) a net transfer of \$11,784,967.

The following net assets were transferred at carrying amounts effective October 1, 2020:

Cash	\$ 324,830
Guaranteed investment certificates	104,750
Accounts receivable	98,319
HST recoverable	13,631
Property under development - Phase III	284,392
Capital assets	13,976,971
Prepaid expenses	5,261
Accounts payable and accrued liabilities	<u>(74,633)</u>
Net assets transferred	\$ 14,733,521
Less: Note receivable (net of \$10 exchange)	<u>(2,948,554)</u>
Net transfer	<u>\$ 11,784,967</u>

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# GLOBAL KINGDOM MINISTRIES CHURCH INC.

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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### 5. RELATED PARTY TRANSACTIONS - Continued

Subsequent to the transfer of net assets, including the land, it was agreed that GKMC would assume TRC's mortgage. On April 16, 2021, the Land Transfer Tax Statement was filed indicating that GKMC would assume a \$6,823,500 mortgage as consideration for the transfer. On August 25, 2021, the mortgage was assumed by GKMC and the transfer of assets from both parties completed.

Amounts due from TRC and transactions made are as follows:

	2023	2022
Balance - Beginning	\$ -	\$ 5,078,467
Transactions during the year:		
Costs paid by the Church on behalf of TRC/Transfers to TRC	-	116,375
Rental revenue payable by TRC	-	15,000
Loan interest revenue payable by TRC	-	172,800
Payments from TRC	-	(245,372)
	<u>\$ -</u>	<u>\$ 5,137,270</u>
Balance written off as bad debt expense	-	(5,137,270)
	<u>\$ -</u>	<u>\$ -</u>

The intercompany balance due from Trinity Ravine Community Inc. was unsecured, and bore interest at 9% in 2022. Transactions between the Church and TRC were measured at the exchange amount, which was the amount of consideration agreed upon by the related parties. In the prior year, the Church wrote off the balance owing from TRC in the amount of \$5,137,270.

TRC filed for creditor protection and restructuring under the CCAA process on February 23, 2022. The land at 1256 Markham Road, which was TRC's primary asset, was sold on September 26, 2022. Subsequent to year-end, on October 12, 2022, TRC filed for bankruptcy.

The Church ceased to have control of TRC effective February 23, 2022.

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# GLOBAL KINGDOM MINISTRIES CHURCH INC.

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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### 5. RELATED PARTY TRANSACTIONS - Continued

TRC has not been consolidated in the Church's financial statements. Financial summaries of TRC as at February 23, 2022 and the period then ended are as follows:

	2022 (unaudited)
<b>Financial position</b>	
Total assets	\$ 26,300,289
Total liabilities	<u>29,891,469</u>
Net deficit	<u>\$ (3,591,180)</u>
<b>Results of operations</b>	
Total revenue	\$ -
Total expenses	<u>(205,205)</u>
Deficiency of revenue over expenses	<u>\$ (205,205)</u>
<b>Cash flows</b>	
Operating activities	\$ 179,037
Financing activities	4,026,524
Investing activities	<u>(4,845,523)</u>
Change in cash	<u>\$ (639,962)</u>

### 6. CAPITAL ASSETS

Capital assets consist of the following:

	2023			2022
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land at 1250 Markham Road	\$ 4,204,026	\$ -	\$ 4,204,026	\$ 4,204,026
Building	13,652,178	5,011,214	8,640,964	8,982,269
Property under development	284,392	-	284,392	284,392
Furniture & equipment	597,645	384,196	213,449	172,751
Computer equipment & software	<u>81,390</u>	<u>73,064</u>	<u>8,326</u>	<u>9,634</u>
	<u>\$ 18,819,631</u>	<u>\$ 5,468,474</u>	<u>\$ 13,351,157</u>	<u>\$ 13,653,072</u>

To meet the growing need for more space resulting from increased ministry growth, especially with children and youth, Phase III of the original building plan has been started. Phase III will provide additional space of 24,834 square feet and the opening of the balcony. Further construction is currently on hold.

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# GLOBAL KINGDOM MINISTRIES CHURCH INC.

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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### 7. LONG-TERM DEBT

Long-term debt consists of the following:

	2023	2022
Mortgage loan, payable in monthly payments of \$46,236, interest at a fixed rate of 4.75% due August 25, 2024 secured by a mortgage registered against title to 1250 Markham Road, Toronto, Ontario	\$ 6,946,102	\$ 7,167,245
Less: current portion	<u>6,946,102</u>	<u>221,143</u>
	<u>\$ -</u>	<u>\$ 6,946,102</u>

As at year end, future minimum principal payments are expected to be as follows:

2024	<u>\$ 6,946,102</u>
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### 8. LETTER OF CREDIT

The Church has a letter of credit in the amount of \$62,000 from TD Canada Trust under agreement dated August 8, 2006 in favour of the City of Toronto relating to the current church building. As at the year end, \$Nil (2022 - \$Nil) of the letter of credit was being used. The letter of credit is secured by a GIC held with the bank.

### 9. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions consists of government assistance received for the purchase of equipment. The change in deferred capital contributions for the year consists of the following:

	2023	2022
Balance - Beginning	\$ 4,000	\$ -
Add: amount received for purchase of equipment	-	5,000
Less: amount recognized as revenue in the year	<u>(1,000)</u>	<u>(1,000)</u>
Balance - Ending	<u>\$ 3,000</u>	<u>\$ 4,000</u>

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# GLOBAL KINGDOM MINISTRIES CHURCH INC.

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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### 10. GENERAL FUND EXPENSES

	2023	2022
<b>Ministry</b>		
Personnel	\$ 1,285,440	\$ 1,158,608
Church ministries and community	157,318	136,261
Next generation ministries	<u>140,116</u>	<u>183,542</u>
	<u>\$ 1,582,874</u>	<u>\$ 1,478,411</u>
<b>Administration</b>		
Operating expenses	\$ 345,861	\$ 209,160
Personnel	<u>339,135</u>	<u>338,448</u>
	<u>\$ 684,996</u>	<u>\$ 547,608</u>
<b>Building maintenance</b>		
Facility	\$ 334,033	\$ 234,890
Personnel	<u>119,990</u>	<u>74,711</u>
	<u>\$ 454,023</u>	<u>\$ 309,601</u>
<b>Missions and outreach</b>		
Global missions and outreach	\$ 114,467	\$ 87,868
Local and national missions and outreach	103,083	102,728
Mission and outreach training and promotion	<u>5,629</u>	<u>1,886</u>
	<u>\$ 223,179</u>	<u>\$ 192,482</u>

### 11. INTERFUND TRANSFERS

Transfers between funds are recognized when resources of one fund have been authorized to finance activities and acquisitions in another fund. The Board authorized a \$643,567 (2022 - \$630,325) transfer of part of the General Fund excess of revenue over expenses to the Capital and Development Fund to assist with the purchase of capital assets and repayment of debt. The Board also authorized a \$70,000 (2022 - \$10,000) transfer of funds to the internally restricted fund.



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# GLOBAL KINGDOM MINISTRIES CHURCH INC.

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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### 12. FINANCIAL INSTRUMENTS

#### Risks and Concentrations

The Church is exposed to various risks through its financial instruments. The following analysis provides a summary of the Church's exposure to and concentrations of risk at September 30, 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 Church is not exposed to significant credit risk. 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 Church will encounter difficulty in meeting obligations associated with financial liabilities. The Church is exposed to this risk mainly with respect to its accounts payable and long-term debt. The Church manages this risk by ensuring that adequate cash reserves are maintained and holding GIC's and term deposits that can be readily converted into cash. 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 Church is exposed to interest rate risk as follows:

#### i) 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 Church is exposed to interest rate risk with respect to its long-term debt. Fixed interest rate instruments subject an entity to fair value risk, since fair value fluctuates inversely to changes in market interest rates.

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# GLOBAL KINGDOM MINISTRIES CHURCH INC.

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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### 13. CONTINGENCIES

On December 16, 2022, the current and former directors of the Church received a letter from the counsel for Deloitte Restructuring Inc., which is acting as the Trustee in relation to Trinity Ravine Community Inc. bankruptcy. The letter alleges that the transfer of land municipally described as 1250 Markham Road, Toronto, Ontario was under-valued based on the appraised value used by the Trustee. The resulting consideration paid to TRC by the Church is alleged to have been inadequate when taking into account the appraised value used by the Trustee. The Trustee intends to seek a Court declaration that the consideration shortfall be paid by any or all of the parties to this letter on a joint and several basis if an amicable resolution is not available.

The Church and its legal counsel disagree that the land was transferred at undervalue or that the current and former directors are persons who are privy to the land transfer such that they can be held personally liable for any shortfall. A response letter from the Church's legal counsel was sent to the Trustee on January 6, 2023.

A resolution cannot be agreed upon after negotiations and therefore, the Trustee proceeds with litigation against the Church. A court hearing date has been scheduled on May 23-24, 2024.

As the final outcome of the litigation cannot be predicted with certainty, no provision for the potential loss (if any) has been made in the financial statements.