

EMMAUS FORMATION CENTRE
Financial Statements
Year Ended June 30, 2023

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Index to Financial Statements
Year Ended June 30, 2023

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of EMMAUS FORMATION CENTRE

We have reviewed the accompanying financial statements of EMMAUS FORMATION CENTRE (the organization) that comprise the statement of financial position as at June 30, 2023, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Basis for Qualified Conclusion

In common with many not-for-profit organizations, the organization derives revenue from fundraising activities, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of the organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended June 30, 2023, current assets and net assets as at June 30, 2023. Our review conclusion on the financial statements for the year ended June 30, 2022 was modified accordingly because of the possible effects of this limitation of scope.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the *Basis for Qualified Conclusion* paragraph, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of EMMAUS FORMATION CENTRE as at June 30, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO)

Mississauga, Ontario
October 20, 2023

MBS Plus LLP

MBS Plus LLP
Chartered Professional Accountants
Licensed Public Accountants

EMMAUS FORMATION CENTRE
Statement of Financial Position
June 30, 2023

| | General Fund | Capital Fund | 2023 | 2022 |
|--|--------------|--------------|------------|------------|
| ASSETS | | | | |
| CURRENT | | | | |
| Cash | \$ 127,791 | \$ - | \$ 127,791 | \$ 149,724 |
| Accounts receivable | 210 | - | 210 | - |
| Harmonized sales tax recoverable | 436 | - | 436 | 1,306 |
| Prepaid expenses | 1,159 | - | 1,159 | 1,575 |
| | 129,596 | - | 129,596 | 152,605 |
| PROPERTY AND EQUIPMENT (Note 4) | - | 368 | 368 | 1,106 |
| | \$ 129,596 | \$ 368 | \$ 129,964 | \$ 153,711 |
| LIABILITIES AND NET ASSETS | | | | |
| CURRENT | | | | |
| Accounts payable and accrued liabilities | \$ 10,658 | \$ - | \$ 10,658 | \$ 11,393 |
| Current portion of long term debt (Note 5) | 30,000 | - | 30,000 | - |
| Deferred revenue (Note 6) | 43,112 | - | 43,112 | 35,593 |
| Government remittances payable | - | - | - | 2,272 |
| | 83,770 | - | 83,770 | 49,258 |
| LONG TERM DEBT (Note 5) | - | - | - | 30,000 |
| | 83,770 | - | 83,770 | 79,258 |
| NET ASSETS | 45,826 | 368 | 46,194 | 74,453 |
| | \$ 129,596 | \$ 368 | \$ 129,964 | \$ 153,711 |

APPROVED BY THE DIRECTOR

_____ Director

EMMAUS FORMATION CENTRE
Statement of Revenues and Expenditures
Year Ended June 30, 2023

| | General Fund | Capital Fund | 2023 | 2022 |
|--|--------------------|-----------------|--------------------|------------------|
| REVENUES | | | | |
| Program | \$ 112,824 | \$ - | \$ 112,824 | \$ 135,690 |
| Donations | 81,883 | - | 81,883 | 82,510 |
| | <u>194,707</u> | <u>-</u> | <u>194,707</u> | <u>218,200</u> |
| EXPENDITURES | | | | |
| Advertising and media | 11,012 | - | 11,012 | 7,822 |
| Amortization | - | 738 | 738 | 738 |
| Bank charges | 278 | - | 278 | 231 |
| Conferences and memberships | 382 | - | 382 | 382 |
| Consulting fees | 19,020 | - | 19,020 | - |
| Insurance | 1,283 | - | 1,283 | 1,350 |
| Office | 13,138 | - | 13,138 | 12,809 |
| Professional fees | 4,929 | - | 4,929 | 5,000 |
| Program | 129,260 | - | 129,260 | 122,921 |
| Salaries and wages | 42,926 | - | 42,926 | 41,176 |
| | <u>222,228</u> | <u>738</u> | <u>222,966</u> | <u>192,429</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>\$ (27,521)</u> | <u>\$ (738)</u> | <u>\$ (28,259)</u> | <u>\$ 25,771</u> |

See notes to financial statements

EMMAUS FORMATION CENTRE
Statement of Changes in Net Assets
Year Ended June 30, 2023

| | General Fund | Capital Fund | 2023 | 2022 |
|--|------------------|---------------|------------------|------------------|
| FUND BALANCES - BEGINNING OF YEAR | \$ 73,347 | \$ 1,106 | \$ 74,453 | \$ 48,682 |
| Deficiency of revenues over expenditures | (27,521) | (738) | (28,259) | 25,771 |
| BALANCE - END OF YEAR | \$ 45,826 | \$ 368 | \$ 46,194 | \$ 74,453 |

See notes to financial statements

EMMAUS FORMATION CENTRE
Statement of Cash Flows
Year Ended June 30, 2023

| | 2023 | 2022 |
|---|-------------------|-------------------|
| OPERATING ACTIVITIES | | |
| Excess (deficiency) of revenues over expenditures | \$ (28,259) | \$ 25,771 |
| Item not affecting cash: | | |
| Amortization of capital assets | 738 | 738 |
| | <u>(27,521)</u> | <u>26,509</u> |
| Changes in non-cash working capital: | | |
| Accounts receivable | (210) | 15,000 |
| Accounts payable and accrued liabilities | (736) | (13,643) |
| Deferred income | 7,520 | (14,522) |
| Prepaid expenses | 416 | 1,325 |
| Harmonized sales tax payable | 870 | 381 |
| Government remittances payable | (2,272) | (1,391) |
| | <u>5,588</u> | <u>(12,850)</u> |
| INCREASE (DECREASE) IN CASH FLOW | (21,933) | 13,659 |
| Cash - beginning of year | <u>149,724</u> | <u>136,065</u> |
| CASH - END OF YEAR | \$ 127,791 | \$ 149,724 |

EMMAUS FORMATION CENTRE
Notes to Financial Statements
Year Ended June 30, 2023

1. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO).

2. PURPOSE OF THE ORGANIZATION

EMMAUS FORMATION CENTRE (the "organization") is a not-for-profit organization of Ontario. As a registered charity the organization is exempt from the payment of income tax under Subsection 149(1) of the Income Tax Act.

The organization operates to advance the Christian Religion by:

- Organizing and operating a centre for Christian spiritual formation.
 - Providing spiritual teaching and guidance including spiritual direction to Christians in Canada and outside Canada.
-

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

EMMAUS FORMATION CENTRE follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Seminar fees are recognized as revenue when the seminars are held.

Fund accounting

EMMAUS FORMATION CENTRE follows the restricted fund method of accounting for contributions.

The General Fund accounts for the organization's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to EMMAUS FORMATION CENTRE's capital assets.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions, such as provision for amortization of property and equipment that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

(continues)

EMMAUS FORMATION CENTRE
Notes to Financial Statements
Year Ended June 30, 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life at the following rates and methods:

Equipment 3 years straight-line method

The organization regularly reviews its property and equipment to eliminate obsolete items.

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

4. CAPITAL ASSETS

| | Cost | Accumulated amortization | 2023 Net book value | 2022 Net book value |
|-----------|----------|-----------------------------|------------------------------------|---------------------------|
| Equipment | \$ 2,918 | \$ 2,550 | \$ 368 | \$ 1,106 |

5. LONG TERM DEBT

| | 2023 | 2022 |
|--|-------------------------------------|----------------|
| Non-interest bearing Canada Emergency Business Account program loan. The loan's original balance is \$40,000 and has a 25% loan forgiveness clause if fully repaid by December 31st, 2023. Thereafter, the loan will bear interest at 5% per annum, repayable in monthly blended payments of \$1,755. Amounts payable within one year | \$ 30,000 (30,000) | \$ 30,000 - |
| | \$ - | \$ 30,000 |

6. DEFERRED REVENUES

| | 2023 | 2022 |
|---|------------------|-----------|
| Balance, beginning of year | \$ 35,593 | \$ 50,115 |
| Amounts recognized as revenue during the year | (194,707) | (218,200) |
| Amounts received during the year | 202,226 | 203,678 |
| Balance, end of year | \$ 43,112 | \$ 35,593 |

EMMAUS FORMATION CENTRE
Notes to Financial Statements
Year Ended June 30, 2023

7. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of June 30, 2023.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its donors and students, long term debt, and accounts payable.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks arising from these financial instruments.

8. COMPARATIVE FIGURES

The prior year comparative figures were reviewed by another firm of public accountants.

Steve Read

Emmaus Formation Board Chair