

**MEADOW LAKE OUTREACH MINISTRIES INC.**

**FINANCIAL STATEMENTS**

**December 31, 2023**

# *Pinnacle Business Solutions*

## *Chartered Professional Accountants P.C. Ltd.*

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### INDEPENDENT AUDITOR'S REPORT

To the Members of Meadow Lake Outreach Ministries Inc.

#### *Qualified Opinion*

We have audited the financial statements of Meadow Lake Outreach Ministries Inc. (the "organization"), which comprise the statement of financial position as at December 31, 2023, and the statements of revenues and expenditures, 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

#### *Basis for Qualified Opinion*

In common with many charitable organizations, the organization derives revenue from (specify type of contributions affected) the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets. Our audit opinion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this limitation of scope.

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 organization in accordance with ethical requirements that are relevant to our audit of the 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 qualified audit opinion.

#### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

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



Independent Auditor's Report to the Members of Meadow Lake Outreach Ministries Inc. *(continued)*

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

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 organization'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 organization'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 organization 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.

Meadow Lake, Saskatchewan  
June 13, 2024

*Pinnacle Business Solutions*  
Chartered Professional Accountants

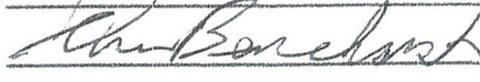
**MEADOW LAKE OUTREACH MINISTRIES INC.**

**Statement of Financial Position**

**December 31, 2023**

	2023 <i>General</i>	2023 <i>Restricted</i>	2023	2022
<b>ASSETS</b>				
<b>Current</b>				
Cash	\$ 144,442	\$ 141,040	\$ 285,482	\$ 471,171
Term deposits (Note 3)	40,000	-	40,000	-
Accounts receivable (Note 4)	15,254	68,107	83,361	9,547
Goods and services tax recoverable	7,247	-	7,247	4,384
	<u>206,943</u>	<u>209,147</u>	<u>416,090</u>	<u>485,102</u>
<b>Property and equipment (Note 5)</b>	1,645,168	-	1,645,168	1,623,170
	<u>\$ 1,852,111</u>	<u>\$ 209,147</u>	<u>\$ 2,061,258</u>	<u>\$ 2,108,272</u>
<b>LIABILITIES</b>				
<b>Current</b>				
Accounts payable and accrued liabilities	\$ 20,501	\$ 19,417	\$ 39,918	\$ 21,616
Deposits received	5,190	-	5,190	4,980
Employee deductions payable	32,936	9,906	42,842	21,375
Deferred income	38,653	-	38,653	105,897
Vacation payable	1,482	2,116	3,598	4,760
Callable debt (Note 6)	239,010	-	239,010	252,228
	<u>337,772</u>	<u>31,439</u>	<u>369,211</u>	<u>410,856</u>
<b>NET ASSETS</b>				
Equipment & furnishings reserve	-	47,174	47,174	45,455
Maintenance reserve	-	6,084	6,084	4,944
Investment in capital assets	-	-	-	1,623,170
<b>Net assets</b>	1,514,339	124,450	1,638,789	23,847
	<u>1,514,339</u>	<u>177,708</u>	<u>1,692,047</u>	<u>1,697,416</u>
	<u>\$ 1,852,111</u>	<u>\$ 209,147</u>	<u>\$ 2,061,258</u>	<u>\$ 2,108,272</u>

Approved on behalf of the Board

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

See notes to financial statements

**MEADOW LAKE OUTREACH MINISTRIES INC.**

**Statement of Revenues and Expenditures**

**For the Year Ended December 31, 2023**

	General 2023	SAFE Program 2023	2023	2022
<b>Revenues</b>				
Grants and other income (Note 7)	\$ 694,342	\$ 399,722	\$ 1,094,064	\$ 627,458
Daycare fees	90,633	-	90,633	268,417
Donations	400,680	-	400,680	292,294
Program administration	63,652	-	63,652	60,460
Rental revenue	139,372	-	139,372	142,079
Thrift/Hopeia	2,148	-	2,148	12,204
Other income	17,580	-	17,580	55,406
Interest income	396	-	396	436
Gain (loss) on disposal of property and equipment	(7,453)	-	(7,453)	-
	<u>1,401,350</u>	<u>399,722</u>	<u>1,801,072</u>	<u>1,458,754</u>
<b>Expenses</b>				
Administration	-	65,645	65,645	61,769
Advertising	2,440	-	2,440	5,630
Amortization	65,729	-	65,729	69,057
Automotive	5,212	-	5,212	2,871
Bank charges and interest	3,386	526	3,912	3,319
Employee benefits	92,288	20,210	112,498	87,280
Gifts	4,493	-	4,493	2,277
Grant funded expense	-	-	-	6,782
Insurance	17,763	7,145	24,908	22,999
Insurance and licenses	5,776	-	5,776	7,405
Interest on long-term debt	10,127	-	10,127	9,821
Meals	2,357	-	2,357	1,012
Miscellaneous	-	133	133	107
Office supplies	6,883	3,750	10,633	14,484
Professional fees	34,802	7,337	42,139	23,208
Property taxes	38,299	-	38,299	33,289
Rent	-	15,070	15,070	23,225
Repairs and maintenance	60,835	397	61,232	28,910
Security	1,659	-	1,659	-
Small tools and supplies	348,490	16,980	365,470	237,534
Telephone	-	16,333	16,333	4,876
Training	-	519	519	2,622
Transfer to maintenance reserve	-	2,858	2,858	2,816
Travel	1,640	19,143	20,783	23,289
Utilities	76,040	4,295	80,335	78,516
Wages	654,567	196,172	850,739	667,743
	<u>1,432,786</u>	<u>376,513</u>	<u>1,809,299</u>	<u>1,420,841</u>
<b>Excess (deficiency) Of Revenues Over Expenses for the year</b>	<b>\$ (31,436)</b>	<b>\$ 23,209</b>	<b>\$ (8,227)</b>	<b>\$ 37,913</b>

See notes to financial statements

**MEADOW LAKE OUTREACH MINISTRIES INC.**

**Statement of Changes in Net Assets  
For the Year Ended December 31, 2023**

	General 2023	SAFE Program 2023	2023	2022
<b>Net assets - beginning of year</b>	\$ 1,549,194	\$ 148,222	\$ 1,697,416	\$ 1,695,594
Deficiency of revenues over expenses	(31,436)	23,209	(8,227)	37,912
Other transfers	(3,418)	3,418	-	(44,689)
Transfer to investment is assets	-	-	-	-
Current investment in assets	-	-	-	11,371
Transfer to equipment and furnishings reserve	-	1,719	1,719	(1,667)
Transfer to maintenance reserve	-	1,139	1,139	(1,105)
<b>Net assets - end of year</b>	\$ 1,514,340	\$ 177,707	\$ 1,692,047	\$ 1,697,416

**MEADOW LAKE OUTREACH MINISTRIES INC.****Statement of Cash Flows**  
**For the Year Ended December 31, 2023**

	2023	2022
<b>Cash flows from operating activities</b>		
Cash receipts from customers and grantors	\$ 1,667,071	\$ 1,519,843
Cash paid to suppliers and employees	(1,687,855)	(1,323,506)
Interest received	396	436
Interest paid	(14,039)	(13,139)
Goods and services tax	(2,863)	(1,337)
	<u>(37,290)</u>	<u>182,297</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(110,180)	(12,616)
Proceeds on disposal of property and equipment	15,000	-
	<u>(95,180)</u>	<u>(12,616)</u>
<b>Cash flows from financing activity</b>		
Repayment of callable debt	(13,218)	(11,579)
	<u>(13,218)</u>	<u>(11,579)</u>
<b>Net change in cash and cash equivalents during the year</b>	(145,688)	158,102
<b>Cash and cash equivalents, beginning of year</b>	471,171	313,069
<b>Cash and cash equivalents, end of year</b>	<u>\$ 325,483</u>	<u>\$ 471,171</u>
<b>Cash and cash equivalents consist of:</b>		
Cash	\$ 285,483	\$ 471,171
Term deposits	40,000	-
	<u>\$ 325,483</u>	<u>\$ 471,171</u>

**MEADOW LAKE OUTREACH MINISTRIES INC.**

**Notes to Financial Statements**

**December 31, 2023**

**1. Purpose of the organization**

Meadow Lake Outreach Ministries Inc. (the "organization") is a not-for-profit organization of Saskatchewan. 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 provide a community based Christian ministry to help meet the spiritual and physical needs of disadvantaged people in its community.

**2. Significant accounting policies**

Basis of presentation

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

Fund accounting

Meadow Lake Outreach Ministries Inc. 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 SAFE Program fund reflects the operations where funding is provided by various funding agencies for the provision of approved services of those agencies.

Cash and cash equivalents

Cash includes bank balance with adjustments for outstanding items and cash on hand.

Donated services and materials

Donated materials and services have not been reflected in the accompanying financial statements since no objective basis is available to measure the value of such goods and services.

Goods and services tax

GST paid on materials and services are recoverable at 50% as a rebate. The unrecoverable portion is recorded as an expense with the rebate treated as a receivable.

Property and equipment

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

Land		non-depreciable
Buildings	30 years	straight-line method
Automobiles	10 years	straight-line method
Furniture and fixtures	10 years	straight-line method

The organization regularly reviews its property and equipment to eliminate obsolete items. Government grants are treated as a reduction of property and equipment cost.

Property and equipment acquired during the year are not amortized.

Income taxes

The organization is a registered charity and as such is exempt from income taxes under Section 149(1) of the Income Tax Act.

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**Notes to Financial Statements**

**December 31, 2023**

**2. Significant accounting policies (continued)**

Revenue recognition - restricted fund

Meadow Lake Outreach Ministries Inc. follows the restricted fund method of accounting for contributions.

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue recognition

The organization recognizes revenues when they are earned, specifically when all the following conditions are met:

- services are provided or products are delivered to customers
- there is clear evidence that an arrangement exist
- amounts are fixed or can be determined
- the ability to collect is reasonably assured.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the earnings in the period in which they become known.

**3. Term deposits**

	2023	2022
<u>Term deposits</u>		
Prime linked cashable GIC - maturing February 2024 at 4.56%	<b>\$ 40,000</b>	\$ -

**4. Accounts receivable**

During the year the organization did not have any write offs.

**MEADOW LAKE OUTREACH MINISTRIES INC.**

**Notes to Financial Statements**

**December 31, 2023**

**5. Property and equipment**

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land	\$ 70,000	\$ -	\$ 70,000	\$ 70,000
Buildings	2,050,419	632,036	1,418,383	1,476,966
Automobiles	72,811	-	72,811	22,453
Furniture and fixtures	220,770	136,795	83,975	53,751
	<u>\$ 2,414,000</u>	<u>\$ 768,831</u>	<u>\$ 1,645,169</u>	<u>\$ 1,623,170</u>

**6. Callable debt**

	Total	2023 Current Portion	Long-term Portion	2022 Long-term Portion
Royal Bank of Canada Mortgage	\$ 199,010	\$ -	\$ 199,010	\$ 212,228
CEBA loan	40,000	-	40,000	40,000
	<u>\$ 239,010</u>	<u>\$ -</u>	<u>\$ 239,010</u>	<u>\$ 252,228</u>

Royal Bank of Canada mortgage is a fixed rate term loan in the amount of \$199,010, repayable by monthly payments of \$1,945. This loan has a 60 month term with an interest rate of 4.91% per annum. The loan is due November, 2033. The loan is secured by land and building (NBV - \$274,990).

The Canada Emergency Business Account (CEBA) loan is an interest free loan provided by the Government of Canada to assist businesses due to COVID. The loan is repayable in full by January 18, 2024.

The total principal repayment due on long-term debt in each of the next five years is as follows:

2024	\$ 53,927
2025	185,083

**7. Grants and other income**

	2023	2022
Ministry of Social Services	\$ 399,722	\$ 335,193
Ministry of Education - Daycare	561,449	232,726
Food Bank of Saskatchewan	-	2,681
Food Bank of Canada	132,893	56,878
	<u>\$ 1,094,064</u>	<u>\$ 627,478</u>

**Notes to Financial Statements**

**December 31, 2023**

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**8. 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 December 31, 2023.

**Credit risk**

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from customers. In order to reduce its credit risk, the organization reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The organization has a significant number of customers which minimizes concentration of credit risk.

**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 customers and other related sources, callable 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.

**9. Economic dependence**

The organization receives more than half of their income from government grants which are renewable on a yearly basis. Management is of the opinion that if these grants are not renewed then the operations of the organization will drastically change.