

**First Baptist Church, Regina Inc.**

**Financial Statements**

*December 31, 2020*

## **INDEPENDENT AUDITOR'S REPORT**

To the Members:

### **Opinion**

We have audited the financial statements of First Baptist Church, Regina Inc. (The Church), which comprise of the statement of financial position as at December 31, 2020, and the statements of operations and changes in net assets, and the statement of cash flows for the year then ended, and a summary of significant accounting policies and explanatory information.

In our opinion, except for the effects of the matters described below in the Basis for Qualified Opinion section, the accompanying financial statements present fairly, in all material respects the financial position of The Church as at December 31, 2020, and its financial performance and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### **Basis for Qualified Opinion**

As is common with many not-for-profit organizations, The Church derives revenue from contributions, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to a comparison of recorded revenue with bank deposits, and we were unable to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses and net assets.

Additionally, the Church has significant balances in Property, Plant and Equipment. Due to the age of some assets, documentation of the cost or value of these assets is not readily available and is therefore not subject to audit verification. This limitation only affects the balances in capital assets and the corresponding annual amortization expense recorded and therefore is not pervasive to the financial statements as a whole.

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 Church in accordance with the 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 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 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 Church'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 Church or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing The Church'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 Church'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 Church'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 Church 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.

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WSO Chartered Professional Accountant P.C. Ltd.  
Regina, SK  
February 28, 2021

**First Baptist Church, Regina Inc.**  
**Statement of Financial Position**

*As at December 31*

<b>Assets</b>	<b>2020</b>	2019
<i>Current Assets</i>		
Operating Account	177,118	138,024
Benevolent Fund Account	2,844	3,290
Building Fund Account	27,342	19,073
Organ Fund - Cash (Note 4)	69,823	167,768
Organ Fund – GIC (Note 4)	-	90,000
Accounts Receivable (Note 6)	10,356	-
GST Receivable	689	4,570
Prepaid Expenses	4,964	4,568
Inventory	1,041	1,041
Total Current Assets	294,177	428,334
<i>Capital Assets</i>		
Property, Plant and Equipment (Note 3)	3,326,938	3,339,404
<b>Total Assets</b>	<b>3,621,115</b>	<b>3,767,738</b>
<b>Liabilities and Net Assets</b>		
Accounts Payable	9,359	13,242
Unearned Revenue	3,415	-
CBWC Foundation Loan (Note 4)	-	251,616
CEBA Loan (Note 5)	30,000	-
Deferred Revenue (Note 7):		
Building Fund	30,086	19,065
Double Up Legacy Fund	17,169	17,169
Organ Fund (Note 4)	257,436	257,559
Benevolent Fund	1,655	2,157
<b>Total Liabilities</b>	<b>349,120</b>	<b>560,808</b>
Net Assets	<b>3,271,995</b>	<b>3,206,930</b>
<b>Total Liabilities and Net Assets</b>	<b>3,621,115</b>	<b>3,767,738</b>

Approved on behalf of the Board

  
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Director

  
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Director

*The accompanying notes are an integral part of these financial statements*

**First Baptist Church, Regina Inc.**  
**Statement of Operations and Changes in Net Assets**

*For the year ended December 31*

<b>Revenue</b>	<b>2020</b>	2019 (Restated – Note 11)
Operating Offerings	374,441	389,287
Government Wage Subsidies (Note 6)	29,692	-
CEBA Loan Forgiveness (Note 5)	10,000	-
Church Rentals	5,480	16,060
Youth Facility Rentals	40,980	40,980
Chaplaincy Services	7,637	7,637
Benevolent Fund	3,657	2,399
Building Fund	-	16,569
Organ Fund	5,793	9,359
Miscellaneous	76	40
<b>Total Revenue</b>	<b>477,756</b>	<b>482,331</b>
<b>Expenses</b>		
Christian Education	1,669	5,034
Worship	9,572	7,289
Congregational Care	135	949
Missions	33,033	40,926
Personnel	222,368	222,182
Property	48,658	52,041
Admin/Finance	75,340	81,907
Benevolent Fund	3,657	2,399
Building Fund	-	16,569
Organ Fund	5,793	9,359
Amortization	12,466	11,899
<b>Total Expenses</b>	<b>412,691</b>	<b>450,554</b>
<b>Excess (Deficiency) of revenues over expenses</b>	<b>65,065</b>	<b>31,777</b>
<b>Net Assets, Beginning of year</b>	<b>3,206,930</b>	<b>3,175,153</b>
<b>Net Assets, End of year</b>	<b>3,271,995</b>	<b>3,206,930</b>

*The accompanying notes are an integral part of these financial statements*

**First Baptist Church, Regina Inc.**  
**Statement of Cash Flows**  
*For the year ended December 31*

<b>Cash provided by (used for) the following activities</b>	<b>2020</b>	<b>2019</b>
<b>Operating activities</b>		
(Deficiency) excess of revenues over expenses	65,065	31,777
Amortization	12,466	11,899
(Increase) decrease in:		
Accounts Receivable	(10,356)	-
GST Receivable	3,881	(2,443)
Prepaid Expenses	(396)	(1,170)
Increase (decrease) in:		
Accounts Payable	(3,883)	2,488
Unearned Revenue	3,415	-
Deferred Revenue	10,396	121,139
Cash flows from operating activities	<b>80,588</b>	163,690
<b>Investing activities</b>		
Redemption of Investments	90,000	14,791
Cash flows from investing activities	<b>90,000</b>	14,791
<b>Financing activities</b>		
Receipt of unforgivable portion of CEBA Loan	30,000	-
Repayment of CBWC Foundation Loan	(251,616)	(20,390)
Cash flows from financing activities	<b>(221,616)</b>	(20,390)
<b>(Decrease) increase in cash resources</b>	<b>(51,028)</b>	158,091
<b>Cash resources, beginning of year</b>	<b>328,155</b>	170,064
<b>Cash resources, end of year</b>	<b>277,127</b>	328,155
<b>Cash is comprised of:</b>		
Operating Account	177,118	138,024
Benevolent Fund Account	2,844	3,290
Building Fund Account	27,342	19,073
Organ Fund - Cash	69,823	167,768
	<b>277,127</b>	328,155

*The accompanying notes are an integral part of these financial statements*

# First Baptist Church, Regina Inc.

## Notes to the Financial Statements

For the year ended December 31, 2020

### 1. Nature of Organization

First Baptist Church, Regina Inc. (Church) is incorporated under the laws of Saskatchewan. Its principal activity is to provide spiritual services and to provide a place of worship to the surrounding community.

### 2. Accounting Policies

#### Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are as follows:

#### Revenue recognition

The Church follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred.

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

#### Amortization

Property, plant and equipment are stated at the following values less accumulated amortization:

Church Building	- estimated value as of 1992
Church Land	- appraised value as of 1996
Youth Centre	- cost plus estimated value of contributed labour and materials
Youth Centre Land	- estimated market value as of 1994
Furniture and Equipment	- estimated value as of 1992 for assets acquired before 1990 and actual cost for those acquired after 1989

The original cost amounts have not been used for these assets as this financial information is not reasonably determinable.

Property, plant and equipment are amortized using the straight-line basis over the assets' estimated useful lives based on the following:

Wood Furniture	100 years
Organ and Pianos	100 years
Computers – Hardware	3 years
Computers – Software	1 year
Furniture and equipment	10 years
Youth Centre	50 years

The Church building, hand bells and painting have not been amortized as they are considered of historical value and a work of art respectively, and therefore do not need to be amortized in accordance with section 4433 of the CPA handbook. Their values are as follows:

Church Building	\$2,300,000
Baptistry Painting	3,745
Hand Bells	22,343

#### Income Tax

The Church is exempt from income tax as it is incorporated as a non-profit organization.

# First Baptist Church, Regina Inc.

## Notes to the Financial Statements

For the year ended December 31, 2020

### Funds

Operating Fund – This fund consists of monies received for the general operations and maintenance of the Church.

Designated Funds – These funds consist of monies received which have been designated for use in the management of designated assets of the Church. These funds include the Building, Benevolent, Organ and Double Up Legacy Funds

### Measurement Uncertainty and Use of Estimates

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

By nature, asset valuations are subjective and do not necessarily result in precise determinations. Estimates in these financial statements include, but are not limited to, the carrying value of assets. Should underlying assumptions change, the estimated net recoverable value could change by a material amount.

### 3. Property, Plant and Equipment

Property, plant and equipment consist of the following:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value 2020</u>	<u>Net Book Value 2019</u>
Church building	\$ 2,300,000	\$ -	\$ 2,300,000	\$ 2,300,000
Church land	470,000	-	470,000	470,000
Youth Centre	355,229	159,476	195,753	202,858
Youth Centre land	71,690	-	71,690	71,690
Furniture and equipment	<u>505,500</u>	<u>216,005</u>	<u>289,495</u>	<u>294,856</u>
	<u>3,702,419</u>	<u>375,481</u>	<u>3,326,938</u>	<u>3,339,404</u>

### 4. CBWC Foundation Loan and Organ Fund Loan

During the year, the Board approved a motion to repay the CBWC Foundation Loan that was bearing interest at 5.45% using internal funds of \$205,000 borrowed from the Church's Organ fund. This internal loan is bearing interest at a rate of 2.0%. The loan is being repaid to the Organ fund in monthly instalments of \$2,500 and at December 31, 2020 the amount owing is \$189,809.

### 5. CEBA LOAN

During the year, the Church applied for and received a \$40,000 loan through the Canada Emergency Business Account (CEBA) program set up in response to COVID-19. \$10,000 of the loan is to be forgiven if the remainder of the principal is repaid by December 31, 2022. This amount has been recorded as revenue in 2020 as the Church intends to repay the balance to meet the forgiveness criteria.

The unforgivable loan balance at December 31, 2020 is \$30,000 and has an interest rate of 0% until December 31, 2022 before it would increase to 5%.

### 6. Government Wage Subsidies

The Church received government wage subsidies from two programs created in response to COVID-19 during the year.



# First Baptist Church, Regina Inc.

## Notes to the Financial Statements

*For the year ended December 31, 2020*

### 10% Temporary Wage Subsidy

This program provided a 10% wage subsidy to the Church between March 18, 2020 and June 19, 2020. The church received \$3,760 from this program.

### Canada Emergency Wage Subsidy

This program provided the Church with a variable wage subsidy starting on March 15, 2020. This program provided wage subsidies that were calculated based on the Church's percentage drop in revenue in 2020 when compared with a similar period in 2019. The Church received revenue of \$25,932 from this program of which \$10,356 was still receivable at year end.

## 7. Deferred Revenue

Details of contributions recognized and deferred for the Church's designated funds are as follows:

	<b>Building Fund</b>		<b>Double Up Legacy Fund</b>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Balance, beginning of year	19,065	20,789	17,169	14,791
Less: Amount recognized as revenue in year	-	(16,569)	-	-
Plus: Amount received in year	11,021	14,845	-	2,378
Balance, end of year	30,086	19,065	17,169	17,169
	<b>Organ Fund</b>		<b>Benevolent Fund</b>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Balance, beginning of year	257,559	138,120	2,157	1,111
Less: Amount recognized as revenue in year	(5,793)	(9,359)	(3,657)	(2,399)
Plus: Amount received in year	5,670	128,798	3,155	3,445
Balance, end of year	257,436	257,559	1,655	2,157

## 8. Defined Contribution Pension Plan

The Church contributes monthly to a defined contribution pension plan on behalf of certain employees. The employees remit 6.0% of their gross wage to the plan which is matched by the Church.

Included in personnel expense is the current service portion of the pension plan in the amount of \$8,594 (2019 - \$10,404).

## 9. Financial Instruments - Risk Management

The Church's financial instruments consist of cash, investments, accounts receivable and accounts payable. The fair value of these financial instruments approximates their carrying value, unless otherwise noted. It is management's opinion that the church is not exposed to significant interest rate, currency, liquidity or credit risk arising from these financial instruments.

### Liquidity Risk

Liquidity risk is the risk that the Church will not be able to meet its financial obligations as they come due. The Church manages liquidity by maintaining adequate cash on hand to provide for the ongoing management and operations of the Church. In addition, the Church continuously monitors and reviews both actual and forecasted cash flows.

## 10. First Baptist Place Inc. Transactions

The relationship between the Church and First Baptist Place Inc. (FBP) is such that the board of directors of the Church are also members of FBP. In the event that FBP is wound up or dissolved the remaining assets, after

# First Baptist Church, Regina Inc.

## Notes to the Financial Statements

*For the year ended December 31, 2020*

payment of all debts and liabilities, shall be distributed to another recognized charitable or non-profit organization having similar objectives in Saskatchewan or Canada. By way of a resolution, FBP may designate the Church as the receiving organization.

During the year, \$7,637 (2019 – \$7,637) was received in chaplaincy revenue from FBP.

### 11. Prior Period Adjustment

Subsequent to the year ended December 31, 2019, it was determined that the classification of certain revenue accounts were incorrect. The Board budgets amounts to be transferred from general Operating Offerings to designated funds however these amounts were not reflected as revenue of the designated funds. This adjustment does not have any impact on assets, liabilities, net assets or the excess of revenue over expenses for the year ended December 31, 2019.

Below are the impacts of the revenue adjustments:

<u>Account</u>	<u>2019</u> <u>original</u>	<u>Adjustment</u>	<u>2019</u> <u>restated</u>
Operating Offerings	401,992	(12,705)	389,287
Benevolent Fund	419	1,980	2,399
Building Fund	5,844	10,725	16,569

### 12. COVID-19 Impacts

The COVID-19 pandemic developed rapidly in 2020. Public health measures taken by governments had an impact on the Church's operations during the year through limitations on in-person services and events. As a result, the Church was eligible for government assistance (see notes 5 and 6). The impact of public health restrictions and government assistance are expected to continue into the Church's 2021 fiscal year although the results remain unknown.