

First Baptist Church, Regina Inc.

Financial Statements

December 31, 2021

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, 2021, 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, 2021, 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
March 6, 2022

First Baptist Church, Regina Inc.
Statement of Financial Position

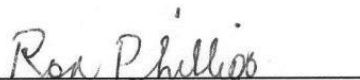
As at December 31

Assets	2021	2020
<i>Current Assets</i>		
Operating Account	233,803	176,858
Benevolent Fund Account	5,141	2,844
Building Fund Account	33,879	27,342
Organ Fund - Cash	84,158	69,823
Accounts Receivable	-	10,356
GST Receivable	1,165	689
Prepaid Expenses	5,449	4,964
Inventory	1,041	1,041
Total Current Assets	364,636	293,917
<i>Capital Assets</i>		
Property, Plant and Equipment (Note 3)	3,314,756	3,326,938
Total Assets	3,679,392	3,620,855
Liabilities and Net Assets		
Accounts Payable	16,603	9,419
Unearned Revenue	-	3,415
CEBA Loan (Note 5)	30,000	30,000
Deferred Revenue (Note 6):		
Building Fund	28,503	30,086
Double Up Legacy Fund	17,169	17,169
Organ Fund (Note 4)	252,376	257,436
Benevolent Fund	2,977	1,655
Total Liabilities	347,628	349,180
Net Assets	3,331,764	3,271,675
Total Liabilities and Net Assets	3,679,392	3,620,855

Approved on behalf of the Board



Director



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

Revenue	2021	2020
Operating Offerings	432,918	374,181
Government Wage Subsidies	-	29,692
CEBA Loan Forgiveness (Note 5)	-	10,000
Church Rentals	3,950	5,480
Youth Facility Rentals	40,980	40,980
Chaplaincy Services	7,637	7,637
Building Fund	7,127	-
Benevolent Fund	5,221	3,657
Organ Fund	8,884	5,793
Miscellaneous	-	76
Total Revenue	506,717	477,496
Expenses		
Christian Education	2,458	1,669
Worship	4,916	9,572
Congregational Care	16	135
Missions	54,209	33,033
Personnel	225,501	222,368
Property	51,155	48,718
Admin/Finance	74,959	75,340
Building Fund	7,127	-
Benevolent Fund	5,221	3,657
Organ Fund	8,884	5,793
Amortization	12,182	12,466
Total Expenses	446,628	412,751
Excess (Deficiency) of revenues over expenses	60,089	64,745
Net Assets, Beginning of year	3,271,675	3,206,930
Net Assets, End of year	3,331,764	3,271,675

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

Cash provided by (used for) the following activities	2021	2020
Operating activities		
(Deficiency) excess of revenues over expenses	60,089	64,745
Amortization	12,182	12,466
(Increase) decrease in:		
Accounts Receivable	10,356	(10,356)
GST Receivable	(476)	3,881
Prepaid Expenses	(485)	(396)
Increase (decrease) in:		
Accounts Payable	7,184	(3,823)
Unearned Revenue	(3,415)	3,415
Deferred Revenue	(5,321)	10,396
Cash flows from operating activities	80,114	80,328
Investing activities		
Redemption of Investments	-	90,000
Cash flows from investing activities	-	90,000
Financing activities		
Receipt of unforgivable portion of CEBA Loan	-	30,000
Repayment of CBWC Foundation Loan	-	(251,616)
Cash flows from financing activities	-	(221,616)
(Decrease) increase in cash resources	80,114	(51,288)
Cash resources, beginning of year	276,867	328,155
Cash resources, end of year	356,981	276,867
Cash is comprised of:		
Operating Account	233,803	176,858
Benevolent Fund Account	5,141	2,844
Building Fund Account	33,879	27,342
Organ Fund - Cash	84,158	69,823
	356,981	276,867

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, 2021

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, 2021

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 2021</u>	<u>Net Book Value 2020</u>
Church building	\$ 2,300,000	\$ -	\$ 2,300,000	\$ 2,300,000
Church land	470,000	-	470,000	470,000
Youth Centre	355,229	166,581	188,648	195,753
Youth Centre land	71,690	-	71,690	71,690
Furniture and equipment	<u>505,500</u>	<u>221,082</u>	<u>284,418</u>	<u>289,495</u>
	<u>3,702,419</u>	<u>387,663</u>	<u>3,314,756</u>	<u>3,326,938</u>

4. CBWC Foundation Loan and Organ Fund Loan

In 2020, 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 \$1,000 (2020 -\$2,500) and at December 31, 2021 the amount owing is \$181,201 (2020 – \$189,809).

5. CEBA LOAN

During 2020, 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 was 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, 2021 is \$30,000 (2020 - \$30,000) and has an interest rate of 0% until December 31, 2022 before it would increase to 5%.

6. Deferred Revenue

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

First Baptist Church, Regina Inc.
Notes to the Financial Statements

For the year ended December 31, 2021

	Building Fund		Double Up Legacy Fund	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Balance, beginning of year	30,086	19,065	17,169	17,169
Less: Amount recognized as revenue in year	(7,127)	-	-	-
Plus: Amount received in year	5,544	11,021	-	-
Balance, end of year	28,503	30,086	17,169	17,169

	Organ Fund		Benevolent Fund	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Balance, beginning of year	257,436	257,559	1,655	2,157
Less: Amount recognized as revenue in year	(8,884)	(5,793)	(5,221)	(3,657)
Plus: Amount received in year	3,824	5,670	6,543	3,155
Balance, end of year	252,376	257,436	2,977	1,655

7. 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 \$7,086 (2020 - \$8,594).

8. 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.

9. 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 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 (2020 – \$7,637) was received in chaplaincy revenue from FBP.

10. 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. The impact of public health restrictions and government assistance may continue into the Church's 2022 fiscal year although the results remain unknown.

First Baptist Church, Regina Inc.
Notes to the Financial Statements

For the year ended December 31, 2021

11. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.