

First Baptist Church, Regina Inc.

Financial Statements

December 31, 2023

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, 2023, 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, 2023, 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.

WSO Acc.

WSO Chartered Professional Accountant P.C. Ltd.
Regina, SK
March 3, 2024

First Baptist Church, Regina Inc.
Statement of Financial Position

As at December 31

Assets	2023	2022
<i>Current Assets</i>		
Operating Account	152,773	173,090
Savings Account	104,978	101,473
Benevolent Fund Account	276	662
Building Fund Account	7,336	2,530
Organ Fund - Cash	80,385	77,409
Refugee Fund Account	1,337	1,303
GST Receivable	851	1,572
Prepaid Expenses	-	1,692
Total Current Assets	347,936	359,731
<i>Capital Assets</i>		
Property, Plant and Equipment (Note 3)	3,291,516	3,303,838
Total Assets	3,639,452	3,663,569
 Liabilities and Net Assets		
Accounts Payable	10,678	7,439
CEBA Loan (Note 5)	-	30,000
Deferred Revenue (Note 6):		
Building Fund	7,325	2,225
Double Up Legacy Fund	17,169	17,169
Organ Fund (Note 4)	243,700	248,213
Benevolent Fund	144	546
Refugee Fund	1,217	1,184
Total Liabilities	280,233	306,776
Net Assets	3,359,219	3,356,793
Total Liabilities and Net Assets	3,639,452	3,663,569

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	2023	2022
Operating Offerings	392,893	376,684
Church Rentals	16,300	14,200
Youth Facility Rentals	40,980	40,980
Chaplaincy Services	7,637	7,637
Building Fund	-	32,149
Benevolent Fund	2,266	4,180
Organ Fund	10,376	8,662
Refugee Fund	-	119
Interest Income	3,504	1,473
Total Revenue	473,956	486,084
Expenses		
Christian Education	5,114	4,066
Worship	5,832	9,805
Congregational Care	2,171	1,766
Missions	40,091	37,595
Personnel	253,401	210,034
Property	62,955	61,016
Admin/Finance	77,002	79,341
Building Fund	-	32,149
Benevolent Fund	2,266	4,180
Organ Fund	10,376	8,662
Refugee Fund	-	119
Amortization	12,322	12,322
Total Expenses	471,530	461,055
Excess (Deficiency) of revenues over expenses	2,426	25,029
Net Assets, Beginning of year	3,356,793	3,331,764
Net Assets, End of year	3,359,219	3,356,793

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	2023	2022
Operating activities		
(Deficiency) excess of revenues over expenses	2,426	25,029
Amortization	12,322	12,322
(Increase) decrease in:		
GST Receivable	721	(407)
Prepaid Expenses	1,692	3,757
Inventory	-	1,041
Increase (decrease) in:		
Accounts Payable	3,239	(9,164)
Deferred Revenue	218	(31,688)
Cash flows from operating activities	20,618	890
Investing activities		
Acquisition of property, plant and equipment	-	(1,404)
Cash flows from investing activities	-	(1,404)
Financing activities		
Repayment of CEBA Loan	(30,000)	-
Cash flows from financing activities	(30,000)	-
(Decrease) increase in cash resources	(9,382)	(514)
Cash resources, beginning of year	356,467	356,981
Cash resources, end of year	347,085	356,467
Cash is comprised of:		
Operating Account	152,773	173,090
Savings Account	104,978	101,473
Benevolent Fund Account	276	662
Building Fund Account	7,336	2,530
Organ Fund - Cash	80,385	77,409
Refugee Fund Account	1,337	1,303
	347,085	356,467

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, 2023

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, 2023

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, Refugee 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 2023</u>	<u>Net Book Value 2022</u>
Church building	\$ 2,300,000	\$ -	\$ 2,300,000	\$ 2,300,000
Church land	470,000	-	470,000	470,000
Youth Centre	355,229	180,792	174,437	181,543
Youth Centre land	71,690	-	71,690	71,690
Furniture and equipment	<u>506,904</u>	<u>231,515</u>	<u>275,389</u>	<u>280,605</u>
	<u>3,703,823</u>	<u>412,307</u>	<u>3,291,516</u>	<u>3,303,838</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 (2022 -\$1,000) and at December 31, 2023 the amount owing is \$164,123 (2022 – \$172,747).

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, 2023. This amount was recorded as revenue in 2020 as the Church intends to repay the balance to meet the forgiveness criteria. The unforgivable portion of \$30,000 was repaid during the 2023 year.

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, 2023

	Building Fund		Double Up Legacy Fund	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Balance, beginning of year	2,225	28,503	17,169	17,169
Less: Amount recognized as revenue in year	-	(32,149)	-	-
Plus: Amount received in year	5,100	5,871	-	-
Balance, end of year	7,325	2,225	17,169	17,169

	Organ Fund		Benevolent Fund	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Balance, beginning of year	248,213	252,376	546	2,977
Less: Amount recognized as revenue in year	(10,376)	(8,661)	(2,266)	(4,180)
Plus: Amount received in year	5,863	4,498	1,864	1,749
Balance, end of year	243,700	248,213	144	546

	Refugee Fund	
	<u>2023</u>	<u>2022</u>
Balance, beginning of year	1,184	-
Less: Amount recognized as revenue in year	-	(119)
Plus: Amount received in year	33	1,303
Balance, end of year	1,217	1,184

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 \$9,930 (2022 - \$6,520).

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 (2022 – \$7,637) was received in chaplaincy revenue from FBP.