

**SAANICH BAPTIST CHURCH**

**Financial Statements**

**Year Ended August 31, 2020**

SAANICH BAPTIST CHURCH

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Year Ended August 31, 2020

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**INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT**

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To the Members of Saanich Baptist Church

We have reviewed the accompanying financial statements of Saanich Baptist Church which comprise the Statement of Financial Position as at August 31, 2020, the Statements of Operations and Changes in Fund Balances 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, 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 for the Financial Statements*

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.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of Saanich Baptist Church as at August 31, 2020, 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.

Victoria, British Columbia  
January 29, 2021

*Green Horwood & Co LLP*

GREEN HORWOOD & CO LLP  
Chartered Professional Accountants

SAANICH BAPTIST CHURCH  
STATEMENT OF FINANCIAL POSITION  
AUGUST 31, 2020

## ASSETS

	2020			2019		
	GENERAL FUND	RESTRICTED FUNDS - Sch 1	TOTAL	GENERAL FUND	RESTRICTED FUNDS - Sch 1	TOTAL
<b>CURRENT</b>						
Petty cash	\$ 544	\$ -	\$ 544	\$ 544	\$ 1,429	\$ 1,973
Cash - Segregated	89,107	144,888	233,995	36,919	148,582	185,501
Donated Shares, at fair value	-	-	-	-	13,508	13,508
Accounts receivable	56,375	-	56,375	6,773	-	6,773
GST receivable	3,584	530	4,114	4,428	530	4,958
Prepaid expenses	6,155	9,450	15,605	18,447	-	18,447
	<u>155,765</u>	<u>154,868</u>	<u>310,633</u>	<u>67,111</u>	<u>164,049</u>	<u>231,160</u>
<b>CAPITAL ASSETS - Note 3</b>	-	1,653,999	1,653,999	-	1,714,123	1,714,123
	<u>\$ 155,765</u>	<u>\$ 1,808,867</u>	<u>\$ 1,964,632</u>	<u>\$ 67,111</u>	<u>\$ 1,878,172</u>	<u>\$ 1,945,283</u>

## LIABILITIES AND FUND BALANCES

<b>CURRENT</b>						
Accounts payable and accrued liabilities	\$ 38,933	256	\$ 39,189	\$ 42,688	\$ 306	\$ 42,994
Bonds and demand notes - Note 5	-	75,000	75,000	-	80,000	80,000
Interfund payable / interfund receivable	67,131	(67,131)	-	64,212	(64,212)	-
Current portion of long term debt	-	28,664	28,664	-	28,664	28,664
	<u>106,064</u>	<u>36,789</u>	<u>142,853</u>	<u>106,900</u>	<u>44,758</u>	<u>151,658</u>
<b>NON-CURRENT</b>						
Long term debt - Note 7	-	78,422	78,422	-	152,085	152,085
	<u>106,064</u>	<u>115,211</u>	<u>221,275</u>	<u>106,900</u>	<u>196,843</u>	<u>303,743</u>
<b>FUND BALANCES</b>						
Invested in capital assets - Note 8	-	1,471,658	1,471,658	-	1,453,068	1,453,068
Externally restricted - Schedule 1	-	221,998	221,998	-	228,261	228,261
Unrestricted - Statement 2	49,701	-	49,701	(39,789)	-	(39,789)
	<u>49,701</u>	<u>1,693,656</u>	<u>1,743,357</u>	<u>(39,789)</u>	<u>1,681,329</u>	<u>1,641,540</u>
	<u>\$ 155,765</u>	<u>\$ 1,808,867</u>	<u>\$ 1,964,632</u>	<u>\$ 67,111</u>	<u>\$ 1,878,172</u>	<u>\$ 1,945,283</u>

On Behalf of the Servant Leaders' Board

*D. D. White*  
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**SAANICH BAPTIST CHURCH**  
**STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

	GENERAL FUND		RESTRICTED FUNDS Schedule 2	
	2020	2019	2020	2019
<b>REVENUE</b>				
Received donations	\$ 954,180	\$ 1,040,155	\$ 192,187	\$ 179,566
Other donations	24,827	24,800	99,233	42,194
Other income	49,048	45,819	7,214	(509)
Government wage subsidy	154,889	-	-	-
	<u>1,182,944</u>	<u>1,110,774</u>	<u>298,634</u>	<u>221,251</u>
<b>EXPENSES</b>				
Accounting fees	16,115	12,000	-	-
Adult ministry	11,409	29,876	-	-
Amortization	-	-	63,295	65,107
Bank charges and interest	15,124	13,198	-	-
Buildings and grounds	113,537	99,564	-	-
Children's ministries	8,028	23,170	-	-
Elders expense	-	425	-	-
Hospitality	3,730	6,129	-	-
Ministry support	45,909	55,170	-	-
Missions - overseas	42,938	33,110	-	-
Mortgage and bond interest	8,498	10,858	-	-
Outreach - local missions	9,395	14,249	-	-
Salaries and benefits	725,938	735,393	-	-
Special projects	-	-	265,971	214,181
Staff support	19,917	21,473	-	-
Stewardship	3,317	3,725	-	-
Worship and music	24,511	24,828	-	-
Youth and college/careers ministry	6,032	5,443	-	-
Expense recoveries - Note 8	(3,903)	(15,642)	-	-
	<u>1,050,495</u>	<u>1,072,969</u>	<u>329,266</u>	<u>279,288</u>
Excess (deficiency) of revenues over expenses	132,449	37,805	(30,632)	(58,037)
Interfund transfers:				
Capital Fund for mortgage repayments	(28,664)	(28,664)	28,664	28,664
Capital Fund for asset purchases and repairs	(2,295)	(3,410)	2,295	3,410
To Mexico Fall Trip	-	(1,400)	-	1,400
To Mexico Spring Trip	-	(1,400)	-	1,400
Mission San Quintin for Program Support	(12,000)	(12,000)	12,000	12,000
To AIM for school build in Tanzania with Krahns	-	(5,002)	-	5,002
	<u>(42,959)</u>	<u>(51,876)</u>	<u>42,959</u>	<u>51,876</u>
	89,490	(14,071)	12,327	(6,161)
Fund balances - beginning of year	(39,789)	(25,718)	1,681,329	1,687,490
Fund Balances - end of year	<u>\$ 49,701</u>	<u>\$ (39,789)</u>	<u>\$ 1,693,656</u>	<u>\$ 1,681,329</u>

**SAANICH BAPTIST CHURCH  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED AUGUST 31, 2020**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess of revenue over expense	\$ 101,817	\$ (20,232)
Donated Shares	(10,034)	(4,149)
Amortization	63,295	65,107
Net change in non-cash working capital	<u>(49,721)</u>	<u>(5,171)</u>
<b>NET CASH GENERATED THROUGH OPERATING ACTIVITIES</b>	<u>105,357</u>	<u>35,555</u>
<b>FINANCING AND INVESTING ACTIVITIES</b>		
Purchase of capital assets	(3,171)	(13,662)
Bond repayments	(5,000)	-
Sale of Shares	23,543	-
Mortgage principal repayments	<u>(73,664)</u>	<u>(28,664)</u>
<b>NET CASH USED IN FINANCE AND INVESTING ACTIVITIES</b>	<u>(58,292)</u>	<u>(42,326)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	47,065	(6,771)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>\$ 187,474</u>	<u>194,245</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 234,539</u>	<u>\$ 187,474</u>
<b>CASH - ALL BALANCES</b>		
Petty Cash	\$ 544	\$ 1,973
Community Fund account	3,880	536
Bank Accounts - Cdn \$, US \$	<u>230,115</u>	<u>184,965</u>
	<u>\$ 234,539</u>	<u>\$ 187,474</u>

**SAANICH BAPTIST CHURCH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2020**

**NOTE 1 - PURPOSE OF THE ORGANIZATION**

Saanich Baptist Church is a non-profit, tax-exempt society incorporated under the Society Act of British Columbia for the purpose of religious education and charitable services in Greater Victoria. Saanich Baptist Church also promotes the spread of the Christian doctrine, both locally and around the world, through evangelism and missions. Saanich Baptist Church is affiliated with the Fellowship of Evangelical Baptist Churches of Canada.

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES**

It is the Church's policy to follow Canadian generally accepted accounting standards for not-for-profit organizations and to apply such principles consistently. The following is a summary of significant policies:

**Fund Accounting**

Saanich Baptist Church follows the restricted fund method of accounting for contributions.

**General Fund**

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

**Restricted Funds**

**Capital Funds**

These funds consist of Capital Assets, Capital Repairs, and Debt Reduction.

The Capital Asset fund reports the assets and liabilities related to Saanich Baptist Church's capital assets.

The Capital Repair fund is for future capital expenditures to upgrade or maintain the church buildings. The Servant Leader Board may also authorize expenditures for other major asset acquisitions from this fund.

The Debt Reduction fund allows members the opportunity to donate towards the reduction of the long term debt of the Church

**The Community Fund**

This fund provides emergency financial assistance to individuals and families attending Saanich Baptist Church or to outsiders recommended by anyone attending the church.

**Mexico Funds**

The Mexico Funds consist of two parts.

One part is the funds for the Church's annual mission trips, usually in the Spring, Summer, and Fall. The Mexican project funds are for building homes or schools in the San Quintin valley.

The second part is for Mission San Quintin (MSQ) which is a non-profit set up in Mexico to carry on the work of the Church in the Vicente Guerrero area in Mexico. These funds are used to operate a base camp from which MSQ builds houses and schools in partnership with the local government. MSQ also runs a weekly breakfast program and sends food and support to the campos (low income support for farmers). MSQ also supports and partners with local missionaries and churches.

**SAANICH BAPTIST CHURCH  
NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 31, 2020**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES CONTINUED**

**Other Funds**

These funds are for Special Projects, which may include Mission Victoria, and the Refugee Relocation Fund, as well as special projects for Easter, Thanksgiving, and Christmas when not part of our Mexico projects. These funds track the receipts and expenditures of each special project. The Refugee Relocation Fund provides financial assistance for the settlement of a refugee family for a year from their arrival. Camper Sponsorship provides an opportunity to attend a Christian Camp for those who have the need.

**Financial Instruments**

The Church's financial instruments consist of cash, donated shares, receivables, accounts payable, line-of-credit, bonds and demand notes, and long term debt. The Church initially measures its financial instruments at fair value. In subsequent periods, all of its financial instruments are reported at amortized cost, and tested for impairment at each reporting date. The fair value of these financial instruments approximates their carrying values unless otherwise noted.

It is the Executive Board's opinion that the Church is not exposed to significant interest, currency or credit risks arising from these financial operations.

**Revenue Recognition**

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 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.

**Contributed Services**

Volunteers contribute a significant number of hours per year to assist the church in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

**Use of Estimates**

The preparation of financial statements requires the Executive Board to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the Executive Board's best estimates, as additional information becomes available in the future.

**Capital Assets**

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over the assets' estimated useful lives, which for buildings is 40 years, parking lot is 20 years and equipment is 5 years.



**SAANICH BAPTIST CHURCH  
NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 31, 2020**

**NOTE 3 - CAPITAL ASSETS**

	<u>2020</u>			<u>2019</u>
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 532,098	\$ -	\$ 532,098	\$ 532,098
Buildings	2,275,785	1,181,332	1,094,453	1,145,658
Parking Lot	22,316	20,085	2,231	3,347
Equipment	202,635	177,418	25,217	33,020
	<u>\$ 3,032,834</u>	<u>\$ 1,378,835</u>	<u>\$ 1,653,999</u>	<u>\$ 1,714,123</u>

**NOTE 4 - GOVERNMENT REMITTANCES**

There is \$948 payable in respect of government remittances as at August 31, 2020 (\$1,247 - 2019)

**NOTE 5 - BONDS AND DEMAND NOTES**

Bonds and demand notes are issued as an internal source of debt financing and are redeemable on thirty days notice. The interest rate is set by the Finance Committee, and interest is paid semi-annually. The 2020 interest rate is 2.0%. (2.25% for 2019)

**NOTE 6 - LINE OF CREDIT**

The Church has a \$50,000 operating line of credit available. The interest rate on the lines of credit is prime plus 1.25%.

**NOTE 7 - LONG TERM DEBT**

The Church has an outstanding mortgage balance of \$107,086 which matures on March 29, 2022 and is repayable at \$2,388.66 per month. The mortgage is a committed reducing redrawable term loan and is secured by a continuing first collateral mortgage over 4347 Wilkinson Road to a maximum of \$1.0 million, and assignment of fire insurance in the amount of \$1.0 million. The bank also has a general security agreement representing a first charge on all church assets and undertaking as well as an environmental indemnity agreement. The mortgage is amortized over 20 years with interest calculated and paid monthly at prime plus 0.75% on the outstanding balance. The prime interest rate at August 31, 2020 was 2.45% (at August 31, 2019 it was 3.95%).

The aggregate amount of payments required in each of the next two years are as follows:

2021	28,664
2022	78,422
	<u>\$ 107,086</u>

**SAANICH BAPTIST CHURCH  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUG 31, 2020**

**NOTE 8 - NET ASSETS INVESTED IN CAPITAL ASSETS**

	<u>2020</u>	<u>2019</u>
Capital assets	\$1,653,999	\$1,714,123
Current and long term debt	<u>(182,341)</u>	<u>(261,055)</u>
	<u>\$1,471,658</u>	<u>\$1,453,068</u>
Net Assets invested in capital assets - beginning of year	\$1,453,068	\$1,475,883
Equipment purchases - laptop computers	2,295	3,410
Equipment purchases - tractor	-	750
Equipment purchases - sound equipment	876	5,857
Equipment purchases - office furniture	-	3,645
Decrease (increase) in bond interest payable	50	(34)
Amortization	(63,295)	(65,107)
Decrease in Bond Debt	5,000	-
Extra principal mortgage repayments	45,000	-
Principal mortgage repayments	<u>28,664</u>	<u>28,664</u>
	<u>\$1,471,658</u>	<u>\$1,453,068</u>

**NOTE 9 - EXPENSE RECOVERIES**

	<u>2020</u>	<u>2019</u>
Adult Ministry	\$ 2,753	\$ 7,941
Children's Ministry	-	6,360
Outreach	-	475
Youth & Young Adult Ministry	<u>1,150</u>	<u>866</u>
	<u>\$ 3,903</u>	<u>\$ 15,642</u>

**NOTE 10 - FUND BALANCES - OTHER**

	<u>2020</u>	<u>2019</u>
Christmas Offering	\$ 252	\$ 252
AIM Canada	400	200
Benevolent Fund	5,468	-
Community Fund	3,933	4,231
Camper Sponsorship	4,495	3,924
Mustard Seed	100	-
Refugee Relocation Fund	-	13,851
ABWE Canada, Chile	-	20
Rise & Shine	350	350
Victoria Dream Center	<u>17,838</u>	<u>17,080</u>
	<u>\$ 32,836</u>	<u>\$ 39,908</u>

**SAANICH BAPTIST CHURCH  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUG 31, 2020**

**NOTE 11 - REMUNERATION PAID TO DIRECTORS**

The BC Societies Act came into effect on November 28, 2016. The Act has a requirement for the disclosure in the financial statements of the remuneration of directors, employees and contractors for financial statements prepared after November 28, 2016.

For employee and contractor remuneration, the requirement is to disclose amounts paid to individuals whose remuneration was greater than \$75,000. For fiscal year ending August 31, 2020, the Church paid remuneration of \$ 265,782 to three employees (2019 - three employees for \$269,770), who received total annual remuneration that exceeded the requirement.

**NOTE 12 - COMMITMENTS**

The Church has operating lease commitments for the next four years as follows:

	Photocopiers	Telephone Equipment	Rent for CPC
2021	3,185	3,885	6,920
2022	3,185	3,804	-
2023	3,185	3,804	-
2024	265	317	-

The Church has a commitment of up to \$10,000 to a Foundation that will assist in furthering the work of the Church through Mission San Quintin.

**NOTE 13 - COVID-19 PANDEMIC**

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having a significant impact on economic and social matters.

The Board is closely monitoring the situation and evaluating the impact of guidance and regulations implemented by medical and government bodies across the country. As new information becomes available, the Board has continued to evaluate the financial impact and its ability to continue as a going concern. The Church qualifies for some of the assistance programs that have been announced and will access those for which it qualifies. Although COVID-19 has had a significant impact on operations, the Board believes that the Church continues to have sufficient funds to manage its operations through the next year.

As of the date these financial statements were approved, there were no significant changes to the Church's operations that would impact the August 31, 2020 financial statements.

SAANICH BAPTIST CHURCH  
 SCHEDULE OF RESTRICTED FUND BALANCES  
 FOR THE YEAR ENDED AUGUST 31, 2020

	2020				2019			
	Capital Funds	Mexico Funds	Other Funds	Total	Capital Funds	Mexico Funds	Other Funds	Total
<b>ASSETS</b>								
<b>CURRENT</b>								
Petty cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,429	\$ -	\$ 1,429
Cash	1,963	124,062	18,863	144,888	22,384	110,679	15,519	148,582
Donated Shares	-	-	-	-	13,508	-	-	13,508
Accounts Receivable	530	-	-	530	530	-	-	530
Prepaid Expenses	-	9,450	-	9,450	-	-	-	-
Due from General Fund	95,153	(41,995)	13,973	67,131	92,950	(53,127)	24,389	64,212
	97,646	91,517	32,836	221,999	129,372	58,981	39,908	228,261
	1,653,999	-	-	1,653,999	1,714,123	-	-	1,714,123
<b>CAPITAL ASSETS - Note 3</b>	\$ 1,751,645	\$ 91,517	\$ 32,836	\$ 1,875,998	\$ 1,843,495	\$ 58,981	\$ 39,908	\$ 1,942,384

**LIABILITIES & FUND BALANCES**

<b>CURRENT</b>								
Accounts payable and accrued liabilities	\$ 256	\$ -	\$ -	\$ 256	\$ 306	\$ -	\$ -	\$ 306
Bonds and demand notes - Note 5	75,000	-	-	75,000	80,000	-	-	80,000
Current portion of long term debt - Note 7	28,664	-	-	28,664	28,664	-	-	28,664
	103,920	-	-	103,920	108,970	-	-	108,970
<b>NON-CURRENT</b>								
Long term debt - Note 7	78,422	-	-	78,422	152,085	-	-	152,085
	182,342	-	-	182,342	261,055	-	-	261,055
<b>FUND BALANCES</b>								
Invested in capital assets	1,471,658	-	-	1,471,658	1,453,068	-	-	1,453,068
Externally restricted	97,645	91,517	32,836	221,998	129,372	58,981	39,908	228,261
	1,569,303	91,517	32,836	1,693,656	1,582,440	58,981	39,908	1,681,329
	1,751,645	91,517	32,836	1,875,998	1,843,495	58,981	39,908	1,942,384

**SAANICH BAPTIST CHURCH**  
**SCHEDULE OF OPERATIONS AND CHANGES IN RESTRICTED FUND BALANCES**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

	2020			2019				
	Capital Funds	Mexico Fund	Other Funds	Total	Capital Funds	Mexico Fund	Other Funds	Total
<b>REVENUES</b>								
Received donations	\$ 13,163	\$ 132,273	\$ 46,751	\$ 192,187	\$ 24,540	\$ 149,574	\$ 5,452	\$ 179,566
Other donations	-	98,662	571	99,233	-	41,524	670	42,194
Other income	1,036	6,178	-	7,214	(509)	-	-	(509)
	<u>14,199</u>	<u>237,113</u>	<u>47,322</u>	<u>298,634</u>	<u>24,031</u>	<u>191,098</u>	<u>6,122</u>	<u>221,251</u>
<b>EXPENSES</b>								
Amortization	63,295	-	-	63,295	65,107	-	-	65,107
Other	-	211,577	54,394	265,971	1,214	196,677	16,290	214,181
	<u>63,295</u>	<u>211,577</u>	<u>54,394</u>	<u>329,266</u>	<u>66,321</u>	<u>196,677</u>	<u>16,290</u>	<u>279,288</u>
(Deficiency) / excess of revenue over expenses	(49,096)	25,536	(7,072)	(30,632)	(42,290)	(5,579)	(10,168)	(58,037)
Fund balances - August 31, 2019	1,582,440	58,981	39,908	1,681,329	1,592,656	47,525	47,309	1,687,490
General fund transfers	30,959	12,000	-	42,959	32,074	14,800	5,002	51,876
Transfers between funds	5,000	(5,000)	-	-	-	2,235	(2,235)	-
Fund balances - August 31, 2020	<u>\$ 1,569,303</u>	<u>\$ 91,517</u>	<u>\$ 32,836</u>	<u>\$ 1,693,656</u>	<u>\$ 1,582,440</u>	<u>\$ 58,981</u>	<u>\$ 39,908</u>	<u>\$ 1,681,329</u>