

**BROADWAY FIRST BAPTIST CHURCH INC.**

**Financial Statements**

**Year Ended December 31, 2020**

*Thornton & Co.*

**BROADWAY FIRST BAPTIST CHURCH INC.**

**Index to Financial Statements**

**Year Ended December 31, 2020**

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	Page
INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Revenues and Expenditures	3
Statement of Changes in Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 10

*Thornton & Co.*



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## INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

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To the Members of Broadway First Baptist Church Inc.

We have reviewed the accompanying financial statements of Broadway First Baptist Church Inc. which comprise the statement of financial position as at December 31, 2020 and the statements of revenues and expenditures, changes in net assets 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 Broadway First Baptist Church Inc. as at December 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.

Winnipeg, MB  
April 10, 2021

*Thornton & Co.*

CHARTERED PROFESSIONAL ACCOUNTANTS



BROADWAY FIRST BAPTIST CHURCH INC.

Statement of Financial Position

December 31, 2020

	2020	2019
<b>ASSETS</b>		
CURRENT		
Cash	\$ 58,692	\$ 24,850
Accounts receivable	2,635	2,573
Goods and services tax recoverable	445	1,168
Prepaid expenses	-	1,676
	<u>61,772</u>	<u>30,267</u>
FIXED ASSETS (Note 4)	247,577	258,600
TRUST FUND ASSETS (Note 5)	<u>60,479</u>	<u>65,652</u>
	<u>\$ 369,828</u>	<u>\$ 354,519</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT		
Bank indebtedness (Note 6)	\$ 60,161	\$ 64,869
Accounts payable and accrued liabilities	5,425	8,046
Designated trust accounts	16,616	17,290
Deferred income	-	2,667
	<u>82,202</u>	<u>92,872</u>
TRUST FUND CAPITAL (Note 5)	<u>60,479</u>	<u>65,652</u>
	<u>142,681</u>	<u>158,524</u>
NET ASSETS		
General fund	(20,430)	(62,605)
Invested in fixed assets	<u>247,577</u>	<u>258,600</u>
	<u>227,147</u>	<u>195,995</u>
	<u>\$ 369,828</u>	<u>\$ 354,519</u>

ON BEHALF OF THE BOARD

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

See notes to financial statements



# BROADWAY FIRST BAPTIST CHURCH INC.

## Statement of Revenues and Expenditures

Year Ended December 31, 2020

	2020	2019
<b>REVENUES</b>		
General offerings	\$ 119,949	\$ 118,256
Other revenues	51,377	71,247
	<u>171,326</u>	<u>189,503</u>
<b>EXPENSES</b>		
Advertising and promotion	413	153
Amortization	11,023	10,901
Caretaking	15,032	13,650
Christian education	51	195
City Taxes	854	831
Deacons board	668	717
Delivery, freight and express	990	1,583
Designated gifts	2,400	2,275
Honoraria - music and pulpit	700	375
Hospitality	-	155
Insurance	10,924	10,940
Interest and bank charges	537	545
Interest on long term debt	3,392	3,667
Missions	5,875	4,240
Music Salaries	606	14,628
Office	2,530	8,470
Office Salaries	6,936	6,135
Organ and piano maintenance	-	76
Pastoral expenses	36,422	77,891
Post Secondary Scholarship	5,400	-
Professional fees	3,229	2,267
Repairs and maintenance	6,551	13,113
Security wages	1,191	2,837
Supplies	146	741
Telephone	2,629	2,623
Utilities	21,227	20,643
Worship and music expenses	448	440
	<u>140,174</u>	<u>200,091</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<u>\$ 31,152</u>	<u>\$ (10,588)</u>

See notes to financial statements



**BROADWAY FIRST BAPTIST CHURCH INC.**

**Statement of Changes in Net Assets**

**Year Ended December 31, 2020**

	General Fund	Invested in Fixed Assets	2020	2019
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ (62,605)	\$ 258,600	\$ <b>195,995</b>	\$ 206,583
EXCESS OF REVENUES OVER EXPENSES	31,152	-	<b>31,152</b>	(10,588)
Amortization of fixed assets	11,023	(11,023)	-	-
<b>NET ASSETS - END OF YEAR</b>	\$ (20,430)	\$ 247,577	\$ <b>227,147</b>	\$ 195,995

See notes to financial statements



# BROADWAY FIRST BAPTIST CHURCH INC.

## Statement of Cash Flows

Year Ended December 31, 2020

	2020	2019
<b>OPERATING ACTIVITIES</b>		
excess (deficiency) of revenues over expenses	\$ 31,152	\$ (10,588)
Item not affecting cash:		
Amortization of fixed assets	11,023	10,901
	<u>42,175</u>	<u>313</u>
Changes in non-cash working capital:		
Accounts receivable	(62)	661
Accounts payable and accrued liabilities	(2,621)	(279)
Designated trust accounts	(674)	(1,515)
Deferred income	(2,667)	2,667
Prepaid expenses	1,676	(1,676)
GST payable (receivable)	723	(1,168)
	<u>(3,625)</u>	<u>(1,310)</u>
Cash flow from (used by) operating activities	<u>38,550</u>	<u>(997)</u>
<b>INVESTING ACTIVITIES</b>		
Bank indebtedness	(4,708)	(5,933)
Trust fund capital	(5,173)	(29,229)
Marketable securities	5,173	29,229
Cash flow used by investing activities	<u>(4,708)</u>	<u>(5,933)</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>33,842</b>	<b>(6,930)</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u><b>24,850</b></u>	<u><b>31,780</b></u>
<b>CASH - END OF YEAR</b>	<u><b>\$ 58,692</b></u>	<u><b>\$ 24,850</b></u>

See notes to financial statements



# BROADWAY FIRST BAPTIST CHURCH INC.

## Notes to Financial Statements

Year Ended December 31, 2020

(Unaudited)

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### 1. PURPOSE OF THE ORGANIZATION

Broadway First-Baptist Church Inc. (the "Church") was incorporated by Articles of Incorporation dated January 27, 1999, without share capital under provisions of The Corporations Act of Manitoba. The purpose of the Church is to maintain a Christian Church of the Baptist denomination within the Baptist Union of Western Canada.

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

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

#### Measurement uncertainty

The preparation of financial statements in conformity 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

#### Financial instruments

The Church's financial instruments are comprised of cash and cash equivalents, mutual funds, accounts receivable, accounts payable and employees' remuneration and deductions payable and mortgage payable.

Financial assets and liabilities are initially recognized at their fair value.

The Church subsequently measures all financial assets and financial liabilities at amortized cost. Amortized cost is the amount initially recognized less any principal payments.

Financial assets measured at amortized cost are tested for impairment when there are indicators. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount has no impairment loss been recognized previously. The amounts of any write-down or reversals are recognized in excess of revenue over expenses.

#### Revenue recognition

The church recognizes donations as received and other revenue such as rentals and other income when earned.

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# BROADWAY FIRST BAPTIST CHURCH INC.

## Notes to Financial Statements

Year Ended December 31, 2020

(Unaudited)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Fixed assets

Fixed assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Buildings	2.5%	declining balance method
Equipment	10%	declining balance method
Motor vehicles	25%	declining balance method

In the year of acquisition, amortization is taken at one-half of the above rates. Fixed assets acquired during the year but not placed into use are not amortized until they are placed into use.

#### General Church Policy

The Church's financial statements, with the exception of the Trust Fund, have been prepared using accrual basis accounting. The Trust Fund reflects interest income earned on interest bearing investments and other income earned on mutual funds investments when received in conjunction with long standing policy. The value of the Trust Fund is maintained at less than its original investment due to transfer of capital for maintenance of building and the Church operations as approved by the Church. As a policy all trust fund income has been paid to the Church. The actual funds may show a higher balance but the equivalent amount is set up as due to the Church and paid from cash resources. Any additional capital payouts from the Trust are to be approved by the Church at properly constituted meetings. The investment allocation of the Trust Funds is reviewed and rebalanced as required to keep funds balanced between cash equivalent investments and mutual funds.

#### Fund accounting

Broadway First Baptist Church Inc. follows the deferral method of accounting for contributions.

The General Fund is used to record the operating revenue and expenses of the Church.

The Invested in Fixed Assets Fund reports the assets, liabilities, revenues and expenses related to the Church's fixed assets.

#### Contributed services

Volunteers contribute a significant amount of their time each year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

### 3. PRIOR PERIOD ADJUSTMENT

A correction was made to the prior year allocation of operating surplus/deficit between the General fund and the Invested in Fixed Assets fund to properly charge the amortization expense against the Invested in Fixed Assets fund and remove the expense from the General fund. The effect was to decrease the prior year General fund cumulative deficit by \$10,902(rounded) and to decrease the Invested in Fixed Assets cumulative surplus by \$10,902. The General and Invested in Fixed Assets funds were restated as follows:

<u>General Fund</u>	<u>Column Heading</u>	<u>Total Column</u>
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# BROADWAY FIRST BAPTIST CHURCH INC.

## Notes to Financial Statements

Year Ended December 31, 2020

(Unaudited)

### 3. PRIOR PERIOD ADJUSTMENT *(continued)*

	General Fund	Column Heading	Total Column
NET ASSETS-BEGINNING OF YEAR	\$ (62,919)	\$ 269,502	\$ 206,583
Deficiency of revenue of expenses	(10,588)	-	(10,588)
Amortization of fixed assets	10,902	(10,902)	-
NET ASSETS-END OF YEAR	\$ (62,605)	\$ 258,600	\$ 195,995

### 4. FIXED ASSETS

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Land	\$ 5,500	\$ -	\$ 5,500	\$ 5,500
Buildings	274,868	86,355	188,513	193,347
Equipment	240,822	188,325	52,497	58,329
Computer equipment	2,676	1,609	1,067	1,424
	\$ 523,866	\$ 276,289	\$ 247,577	\$ 258,600

### 5. TRUST FUND

	2020	2019
<u>Trust Fund Assets</u>		
Cash	\$ -	\$ 2,115
Mutual Funds	61,052	64,110
Funds payable to Church	(573)	(573)
	60,479	65,652
 <u>Trust Fund Capital</u>		
Opening Balance	65,652	94,881
Capital gains (losses) on Mutual Funds	-	-
GIC Interest	2,342	6,610
Mutual Fund distributions	239	-
Transfer (to) from Church	-	1,661
	(7,754)	(37,500)
Closing balance	60,479	65,652



BROADWAY FIRST BAPTIST CHURCH INC.

Notes to Financial Statements

Year Ended December 31, 2020

(Unaudited)

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6. LINE OF CREDIT

The Church has a line of credit with the CBWC Foundation to a maximum \$150,000 which bears interest rate at 5.45% (5.45% in 2019).

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7. FINANCIAL INSTRUMENTS

The church 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 church's risk exposure and concentration as of December 31, 2020.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The church is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long-term debt, obligations under capital leases, contributions to the pension plan, 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 church manages exposure through its normal operating and financing activities. The church 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 church is not exposed to significant other price risks arising from these financial instruments.

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8. SUBSEQUENT EVENTS

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 multiple impacts on local, provincial, national and global economies.

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to estimate the potential impact on the church's operations as at the date of these financial statements.

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9. REVENUE

	2020	2019
<u>General offerings</u>		
General offerings	\$ 117,786	\$ 124,481
Easter, Thanksgiving and Christmas offerings	1,330	805
Missions - General	560	-
Open offerings	273	1,815
Other	-	2,263

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BROADWAY FIRST BAPTIST CHURCH INC.

Notes to Financial Statements

Year Ended December 31, 2020

(Unaudited)

9. REVENUE (continued)

	2020	2019
<u>General offerings</u>		
Shalom Christian Fellowship	-	(11,108)
	<u>119,949</u>	<u>118,256</u>
 <u>Other revenue</u>		
Rental Income	32,256	30,899
Trust Fund Special	5,400	37,500
Province of Manitoba Bridge Grant	5,000	-
Trust Fund Income	2,825	848
Bequests - General	2,093	-
Tarr Estate	2,000	2,000
Donations without charitable receipts	1,779	-
Other (Initial, Flowers, Etc)	20	-
Interest income	4	-
	<u>51,377</u>	<u>71,247</u>
 Grand total	<u>\$ 171,326</u>	<u>\$ 189,503</u>