

CANADIAN BAPTISTS OF WESTERN CANADA
Financial Statements
Year Ended December 31, 2018

CANADIAN BAPTISTS OF WESTERN CANADA
Index to Financial Statements
Year Ended December 31, 2018

	Page
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	
INDEPENDENT AUDITOR'S REPORT	2 - 3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Operations and Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 15
Schedule of Interfund Charges and Transfers (<i>Schedule 1</i>)	16

CANADIAN BAPTISTS OF WESTERN CANADA

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Canadian Baptists of Western Canada have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Canadian Baptists of Western Canada's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board and meets periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Audit Committee reports to the Board of Directors prior to its approval of the financial statements. The Committee also considers, for review by the Board and approval by the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by Dart Bryant LLP, in accordance with Canadian accounting standards for not-for-profit organizations.


Mr Herb Ziegler, Vice President of
Finance


Mr Victor Ku, Director of
Administration and Finance

Calgary, AB
April 05, 2019



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INDEPENDENT AUDITOR'S REPORT

To the Members of Canadian Baptists of Western Canada

Qualified Opinion

We have audited the financial statements of Canadian Baptists of Western Canada (the Organization), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2018, 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2018, current assets and net assets as at December 31, 2018. Our audit opinion on the financial statements for the year ended December 31, 2017 was modified accordingly because of the possible effects of this limitation of scope.

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 Organization 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Organization's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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.

April 5, 2019


Chartered Professional Accountants



CANADIAN BAPTISTS OF WESTERN CANADA
Statement of Financial Position
December 31, 2018

	General 2018	Church Health & Planting 2018	Special Ministries 2018	Trust 2018	Women in Focus 2018	Total 2018	Total 2017
ASSETS							
CURRENT							
Cash	\$ 284,335	\$ -	\$ -	\$ -	\$ -	\$ 284,335	\$ 204,907
Accounts receivable (Note 4)	273,195	-	-	-	-	273,195	366,563
Constituency loans (Note 5)	-	66,664	-	-	-	66,664	82,664
Goods and services tax recoverable	21,845	-	-	-	-	21,845	24,975
Prepaid expenses	12,894	-	-	-	-	12,894	11,652
Inventory	1	-	-	-	-	1	1
PROPERTY AND EQUIPMENT (Note 6)	592,270	66,664	-	-	-	658,934	690,762
PROPERTY HELD (Note 7)	84,894	-	-	1,793,206	-	1,878,100	1,873,904
				4,271,282		4,271,282	4,035,500
	\$ 677,164	\$ 66,664	\$ -	\$ 6,064,488	\$ -	\$ 6,808,316	\$ 6,600,166
LIABILITIES							
CURRENT							
Accounts payable and accrued liabilities	\$ 85,659	\$ -	\$ -	\$ 450,197	\$ -	\$ 535,856	\$ 520,681
DEFERRED CONTRIBUTIONS (Note 8)	100	-	-	117,402	-	117,502	102,164
DUE TO (FROM) CBWC FOUNDATION (Notes 9, 15)	142,282	-	-	(531,544)	-	(389,262)	(473,717)
DUE TO (FROM) OTHER FUNDS	553,438	(236,156)	(13,955)	(301,889)	(1,438)	-	-
	781,479	(236,156)	(13,955)	(265,834)	(1,438)	264,096	149,128
FUND BALANCES (Note 10)							
INTERNALLY RESTRICTED - Property and equipment (Note 6)	84,894	-	-	1,793,206	-	1,878,100	1,873,904
INTERNALLY RESTRICTED - Other (Note 11)	150,000	213,185	6,734	4,537,116	17,490	4,924,525	4,869,626
UNRESTRICTED NET ASSETS (DEFICIT)	(339,209)	89,635	7,221	-	(16,052)	(258,405)	(292,492)
	(104,315)	302,820	13,955	6,330,322	1,438	6,544,220	6,451,038
	\$ 677,164	\$ 66,664	\$ -	\$ 6,064,488	\$ -	\$ 6,808,316	\$ 6,600,166

COMMITMENTS (Note 12)
ON BEHALF OF THE BOARD


Mr Herb Ziegler, Vice President of Finance

Mr Victor Ku, Director of Administration and Finance

Please see Notes

CANADIAN BAPTISTS OF WESTERN CANADA
Statement of Operations and Changes in Net Assets
Year Ended December 31, 2018

	General	Church Health & Planting	Special Ministries	Trust	Women in Focus	2018	2017
REVENUES							
Churches - Budget	\$ 1,687,926	\$ -	\$ -	\$ -	\$ -	\$ 1,687,926	\$ 1,729,802
- Missions and designated	312,114	27,498	5,710	157,418	11,835	514,575	442,247
- Pensions	-	-	-	84,241	-	84,241	79,796
- Property	-	-	-	135,400	-	135,400	1,335,500
Individual - Gifts	113,837	7,574	-	120,619	2,379	244,409	230,635
- Pensions and Insurance	-	-	-	96,710	-	96,710	155,825
Related - CBWC Foundation grant	652,800	-	-	22,000	2,000	676,800	853,565
- Investment income	-	-	-	9,997	-	9,997	11,054
Rental income	-	149,050	-	-	-	149,050	138,146
Other	8,759	-	27	-	-	8,786	94,423
Fees and sales	131,015	-	-	-	100	131,115	166,907
	<u>2,906,451</u>	<u>184,122</u>	<u>5,737</u>	<u>626,385</u>	<u>16,314</u>	<u>3,739,009</u>	<u>5,237,900</u>
EXPENSES							
Kingdom growth (Note 15)	221,493	134,223	8,710	261,377	-	625,803	782,131
Leadership development	531,782	-	-	-	18,256	550,038	665,852
Alleviating suffering	147,549	-	-	-	-	147,549	150,956
Resourcing local churches	596,139	-	-	-	-	596,139	634,485
Operation and management	882,888	165,513	-	125,429	2,237	1,176,067	1,384,557
Missions and designated	312,114	-	-	-	-	312,114	310,447
Pensions and insurance	-	-	-	180,951	-	180,951	249,599
Amortization (Notes 6, 7)	17,312	-	-	39,854	-	57,166	48,651
	<u>2,709,277</u>	<u>299,736</u>	<u>8,710</u>	<u>607,611</u>	<u>20,493</u>	<u>3,645,827</u>	<u>4,226,678</u>
OPERATING EXCESS (DEFICIENCY)							
Operational transfers (Schedule 1)	197,174	(115,614)	(2,973)	18,774	(4,179)	93,182	1,011,222
	<u>(126,357)</u>	<u>65,915</u>	<u>8,076</u>	<u>48,500</u>	<u>3,866</u>	<u>-</u>	<u>-</u>
NET ASSETS - beginning of year	70,817	(49,699)	5,103	67,274	(313)	93,182	1,011,222
	<u>(175,132)</u>	<u>352,519</u>	<u>8,852</u>	<u>6,263,048</u>	<u>1,751</u>	<u>6,451,038</u>	<u>5,439,816</u>
NET ASSETS - end of year	<u>\$ (104,315)</u>	<u>\$ 302,820</u>	<u>\$ 13,955</u>	<u>\$ 6,330,322</u>	<u>\$ 1,438</u>	<u>\$ 6,544,220</u>	<u>\$ 6,451,038</u>

Please see Notes

CANADIAN BAPTISTS OF WESTERN CANADA
Statement of Cash Flows
Year Ended December 31, 2018

	General	Church Health & Planting	Special Ministries	Trust	Women in Focus	2018	2017
OPERATING ACTIVITIES							
Operating excess (deficiency)	\$ 197,174	\$ (115,614)	\$ (2,973)	\$ 18,774	\$ (4,179)	\$ 93,182	\$ 1,011,222
Items not affecting cash:							
Amortization of property and equipment	17,312	-	-	39,855	-	57,167	41,624
Operational transfers (Schred 1)	(126,357)	65,915	8,076	48,500	3,866	-	-
Gifts in kind - properties held	-	-	-	(135,400)	-	(135,400)	(1,335,500)
	<u>88,129</u>	<u>(49,699)</u>	<u>5,103</u>	<u>(28,271)</u>	<u>(313)</u>	<u>14,949</u>	<u>(282,654)</u>
Changes in non-cash working capital:							
Accounts receivable	93,369	-	-	-	-	93,369	(70,658)
Accounts payable and accrued liabilities	(9,277)	-	-	24,453	-	15,176	59,189
Prepaid expenses	(1,242)	-	-	-	-	(1,242)	(1,672)
Goods and services tax payable	3,130	-	-	-	-	3,130	9,325
	<u>85,980</u>	<u>-</u>	<u>-</u>	<u>24,453</u>	<u>-</u>	<u>110,433</u>	<u>(3,816)</u>
Cash flow from (used by) operating activities	<u>174,109</u>	<u>(49,699)</u>	<u>5,103</u>	<u>(3,818)</u>	<u>(313)</u>	<u>125,382</u>	<u>(286,470)</u>
INVESTING ACTIVITIES							
Purchase of property and equipment (Note 6)	(69,207)	-	-	-	-	(69,207)	(17,374)
Proceeds on disposal of property and equipment	9,891	-	-	-	-	9,891	-
Purchase of property held (Note 7)	-	-	-	(102,431)	-	(102,431)	-
Cash flow from (used by) investing activities	<u>(59,316)</u>	<u>-</u>	<u>-</u>	<u>(102,431)</u>	<u>-</u>	<u>(161,747)</u>	<u>(17,374)</u>
FINANCING ACTIVITIES							
Constituency loans (Note 5)	10,000	6,000	-	-	-	16,000	7,000
Deferred Contributions (Note 8)	-	-	-	15,338	-	15,338	2,284
Due to (from) Other Funds	(95,943)	43,699	(8,763)	60,694	313	-	-
Due to (from) CBWC Foundation	50,578	-	3,660	30,217	-	84,455	97,265
Cash flow from (used by) financing activities	<u>(35,365)</u>	<u>49,699</u>	<u>(5,103)</u>	<u>106,249</u>	<u>313</u>	<u>115,793</u>	<u>106,549</u>
INCREASE (DECREASE) IN CASH FLOW	<u>79,428</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,428</u>	<u>(197,295)</u>
Cash - beginning of year	204,907	-	-	-	-	204,907	402,202
CASH - END OF YEAR	<u>\$ 284,335</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 284,335</u>	<u>\$ 204,907</u>

Please see Notes

CANADIAN BAPTISTS OF WESTERN CANADA

Notes to Financial Statements

Year Ended December 31, 2018

1. ORGANIZATION

The purpose of the Canadian Baptists of Western Canada ("CBWC"), is to support, enable and facilitate the ministries of local Baptist churches in Western Canada.

The CBWC is incorporated under the laws of Canada without share capital and is also a registered charitable organization under the Income Tax Act (#11921-5036 RR 0001) and as such is exempt from income taxes.

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.

These financial statements have been prepared on the going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Management is not aware of any circumstances that would put this going concern assumption at risk.

Fund accounting

These financial statements include the assets, liabilities and net assets of the funds controlled directly by the board of the CBWC except for the controlled entities of Carey Hall and the CBWC Foundation (see Note 15) but do not include the operations of constituent churches, affiliated operations or sponsored agencies such as camps or the BC Convention.

The summarized funds reported on include:

General Fund reports budget revenues and expenditures, missions and designated funds and book room activity.

Church Health and Planting Fund reports the missions work and deposits from the constituency for Church Planting and Renewal.

Special Ministries Fund reports the missions work for development of property, facility, equipment and housing.

Trust Fund reports externally designated and internally restricted funds and activity which are held for specified purposes and time, and include the Resource Centre trusts at year end.

Women in Focus Fund reports revenues and expenditures related to the women's ministry.

Each of these funds are reported on separately by management but not necessarily in accordance with Canadian accounting standards for not-for-profit organizations.

(continues)

CANADIAN BAPTISTS OF WESTERN CANADA

Notes to Financial Statements

Year Ended December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash includes cash and short-term investments that are highly liquid, are readily convertible to known amounts of cash, and are subject to insignificant risk of change in value.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income (see Note 3 and Note 5). All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Inventory

Inventory is valued at the lower of cost and net realizable value. The inventory is carried in support of ministries of the churches and agencies.

Property and equipment

Property and equipment greater than \$5,000 are stated at cost. Property and equipment are amortized over their estimated useful lives using the straight-line method.

Buildings	50 years
Equipment, furniture & fixtures	5 years
Motor vehicles	over the life of the lease
Computer equipment	3 years

Property Held

Lands and buildings held in trust for constituent churches and agencies are not recorded in these statements.

Assets of organizations which have ceased operations and gifted their assets to the CBWC are recorded at the date the assets are gifted to the CBWC at fair market value and recorded as property held (see Note 7). These assets are intended to be transferred back into ministry or sold with the proceeds being used for ministry purposes.

(continues)

CANADIAN BAPTISTS OF WESTERN CANADA

Notes to Financial Statements

Year Ended December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Canadian Baptists of Western Canada follows the deferral method of accounting for contributions from churches, individuals and related entities.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions, which represent amounts for which only the interest earned thereon is available for either general operating or specific restricted purposes, are recognized as direct increases in equity.

Investment income, fees and sales are recognized as revenue when earned.

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. In the financial statements of the CBWC, the more significant areas for which management is required to make near-term estimates is in the assessment of the net realizable value of budgeted church contributions receivable, constituency loans receivable, investments and property held. Actual results could differ from these estimates.

Contributed services

Volunteers contribute a significant amount of their time each year to assist the CBWC in carrying out its mission. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Comparative figures

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

Allocation of Fundraising and General Support Expenses

Costs for fundraising during the annual celebration events were \$32,837 (2017: \$72,196) and are included in general fund operating and management expenses. All general expenses are included in general fund operation and management.

CANADIAN BAPTISTS OF WESTERN CANADA

Notes to Financial Statements

Year Ended December 31, 2018

3. FINANCIAL INSTRUMENTS

All financial instruments are recorded originally at Fair Value and are subsequently recorded at each year end date as follows:

Financial assets measured at amortized cost:

Cash

Accounts receivable

Constituency loans

Accounts payable and accrued liabilities

Financial assets measured at fair value:

Investments

Risk management relates to the understanding and active management of risks associated with all areas of the ministry and the associated operating environment. Constituency receivables, loans and investments are primarily exposed to market, interest rate, and credit risk.

Interest Rate

Interest rate risk refers to the effect on the market value of the CBWC's constituency loans and investments due to fluctuation of interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. All constituency loans are due on demand with no interest charged.

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. It is management's opinion that there is no significant exposure to credit risk arising from financial instruments, given its own and the Foundation's credit policies, security taken, and diversification of the Foundation-managed funds.

To examine and mitigate the impact of risk, the CBWC has established an investment policy in order to ensure the best possible return at an acceptable risk level. The investment procedures and objectives for the CBWC are linked to this policy and include an appropriately diversified asset mix. The Foundation-managed funds manage investment risk by asset class diversification, by diversification within each asset class, and by quality constraints on fixed income instruments.

Financial Asset Impairment

The CBWC assesses potential impairment of all its financial assets recorded at amortized cost at each reporting date. Impairment is measured as the difference between the asset's carrying value and its fair value determined by management's best estimate of discounted cash flows. Any impairment which is not considered temporary is included in current year earnings (see Note 7). None for 2018 nor 2017.

CANADIAN BAPTISTS OF WESTERN CANADA

Notes to Financial Statements

Year Ended December 31, 2018

4. ACCOUNTS RECEIVABLE

	<u>2018</u>	<u>2017</u>
Budgeted church contributions	\$ 207,579	\$ 227,812
Special ministries	18,822	19,420
Camps	3,356	4,234
Church insurances	7,901	34,300
Other	35,537	80,797
	<u>\$ 273,195</u>	<u>\$ 366,563</u>

5. CONSTITUENCY LOANS

	<u>2018</u>	<u>2017</u>
Swift Current Community Baptist Church	\$ 66,664	\$ 72,664
Katepwa Baptist Camp	-	10,000
	<u>\$ 66,664</u>	<u>\$ 82,664</u>

The amounts receivable are due from churches, are non-interest bearing, and are on-demand even though have no set repayment terms. Constituency loans are measured at the amortized cost due to the demand feature.

6. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Buildings	\$ 1,890,295	\$ 97,089	\$ 1,793,206	\$ 1,831,011
Equipment, furniture & fixtures	275,712	275,712	-	-
Motor vehicles	87,042	23,179	63,863	42,893
Computer equipment	24,421	3,390	21,031	-
	<u>\$ 2,277,470</u>	<u>\$ 399,370</u>	<u>\$ 1,878,100</u>	<u>\$ 1,873,904</u>

The following assets included above are internally restricted in the Trust fund:

	<u>2018 Restricted fund balance</u>	<u>2017 Restricted fund balance</u>
Brownstone office building	<u>\$ 1,793,206</u>	<u>\$ 1,831,011</u>
Internally restricted fund balance	<u>\$ 1,793,206</u>	<u>\$ 1,831,011</u>

CANADIAN BAPTISTS OF WESTERN CANADA

Notes to Financial Statements

Year Ended December 31, 2018

7. PROPERTY HELD

	<u>2018</u>	<u>2017</u>
Royal Oak property (management estimates the fair market value to be \$5,570,000)	2,700,000	2,700,000
Bonnie Doon - property (management estimates the fair market value to be \$725,000)	655,000	655,000
- Building renovation	102,431	-
- Building amortization	(2,049)	-
Delwood property (management estimates the fair market value to be \$728,000)	680,500	680,500
Hyas property (management estimates the fair market value to be \$175,000) (1)	135,400	-
	<u>\$ 4,271,282</u>	<u>\$ 4,035,500</u>

Management believes there is no impairment required for any of the properties held.

(1) The manse sold on February 25, 2019 for \$75,000 (which resulted in a gain of \$39,600 to be recorded in 2019).

8. DEFERRED CONTRIBUTIONS

Deferred contributions represent externally restricted operating funds received but not expended by year end for the following purposes. Changes in the deferred contributions balance are as follows:

	Beginning Balance	Contributions	Transfer to Income to match expense	Ending Balance
Agencies & churches	\$ 100	\$ 312,113	\$ 312,113	\$ 100
Other specific ministries	102,064	112,081	96,743	117,402
	<u>\$ 102,164</u>	<u>\$ 424,194</u>	<u>\$ 408,856</u>	<u>\$ 117,502</u>

9. REVOLVING LOAN

The CBWC has access to a \$200,000 revolving loan from the Foundation. At year end \$150,640 (2017: \$100,263) was drawn on the loan which bears interest at 4.45% (2017: 3.95%) and matures October 1, 2020. The loan is secured by a first mortgage for \$1,000,000 on the Brownstone office building.

CANADIAN BAPTISTS OF WESTERN CANADA

Notes to Financial Statements

Year Ended December 31, 2018

10. CHANGES IN NET ASSETS

	Net Assets			Total
	Internally Restricted Property & Equipment	Internally Restricted Other	Unrestricted	
	\$	\$	\$	
BEGINNING	1,873,904	4,869,626	(292,492)	6,451,038
Excess revenue (deficiency)			93,182	93,182
Property and equipment				-
- amortization	(57,166)	39,854	17,312	-
- sales	(9,891)		9,891	-
- purchases	71,253		(71,253)	-
Internally restricted				-
- Church planting trusts				-
general		(5,705)	5,705	-
property management		18,885	(18,885)	-
church planting		(61,025)	61,025	-
- Special ministries		27	(27)	-
- Trusts				-
insurance		(7,894)	7,894	-
sabbatical		(27,588)	27,588	-
property		235,782	(235,782)	-
other		(137,124)	137,124	-
- Women in Focus		(313)	313	-
ENDING	<u>1,878,100</u>	<u>4,924,525</u>	<u>(258,405)</u>	<u>6,544,220</u>

CANADIAN BAPTISTS OF WESTERN CANADA

Notes to Financial Statements

Year Ended December 31, 2018

11. INTERNALLY RESTRICTED - OTHER

	<u>2018</u>	<u>2017</u>
General - reserve	\$ 150,000	\$ 150,000
Church Health & Planting	213,185	263,079
Special Ministries	6,734	6,707
Trust	4,537,116	4,432,037
Women in Focus	17,490	17,803
	<u>\$ 4,924,525</u>	<u>\$ 4,869,626</u>

12. COMMITMENTS

The organization has a long term lease with respect to its premises and operational equipment. The lease contains renewal options and provides for payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at December 31, 2018, are as follows:

2019	\$ 17,290
2020	12,890
2021	6,950
2022	1,010
2023	842
	<u>\$ 38,982</u>

13. DEFERRED GIFTS

The CBWC is the owner of certain life insurance policies totaling \$939,815 (2017 \$935,443) which have been gifted by donors. Charitable donation receipts have been issued by the CBWC to the donors for the premiums which they have paid on the policies.

The CBWC is currently aware of further specified bequests totaling \$240,000 which will be received upon death of the donors.

14. PENSIONS

The CBWC participates in a money purchase pension plan through Canadian Baptist Ministries and records pension expense on a current basis being \$83,640 for the year (2017: \$80,396).

CANADIAN BAPTISTS OF WESTERN CANADA

Notes to Financial Statements

Year Ended December 31, 2018

15. CONTROLLED ENTITIES

The following is a summary of the controlled organizations which are not included in these financial statements:

	Audited Carey Hall (1)	Audited Foundation (2)
	2018	2018
Assets	\$18,160,835	\$38,201,345
Liabilities	7,507,381	23,432,371
Net Assets	10,653,454	14,768,974
Revenues - net	4,548,252	296,582
Expenses	3,520,700	2,626,747
Cash flows - operations	1,246,246	358,706
- financing / investing	2,779,662	(431,076)

All entities follow substantially the same accounting principles.

1. Carey Theological College provides for certain educational needs of the constituency. Carey revenue includes \$143,474 (2017: \$147,033) of Education Resourcing from the CBWC being: \$143,474 (2017: \$147,033) from budget and \$0 (2017: \$10,000) for an opportunity grant.
2. The Foundation's purpose is to financially support, enable and facilitate the ministry of the CBWC and its associated and affiliated charitable organizations. Specifically, the Foundation intends to support the priority ministries of the CBWC (with a discretionary grant from the development fund value) and new and creative ministry opportunities with no minimum per year.

During the year the foundation supported CBWC in the amount of \$617,000 (2017: \$630,000).

In additional CBWC Foundation provided to CBWC:

- a once off gift of \$0 (2017: \$100,000),
- Ambrose trust gift of \$0 (2017: \$75,000)
- a pastors' conference subsidy of \$22,000 (2017: \$20,000),
- Church Health Engagement Initiative of \$0 (2017: \$13,565),
- Women in Focus contribution of \$2,000 (2017: \$0), and
- other ministry support of \$26,000 (2017: \$15,000).

Flow through donations received via CBWC Foundation amounted to \$9,800 (2017: \$88,565).

It is expected that \$700,000 will be granted to the CBWC in 2019.

CANADIAN BAPTISTS OF WESTERN CANADA
Schedule of Interfund Charges and Transfers
(Schedule 1)
Year Ended December 31, 2018

	FUND					TOTALS
	General	Church Health and Planting	Special Ministries	Trust	Women In Focus	2018
	\$	\$	\$	\$	\$	\$
OPERATIONAL TRANSFERS						
From Budget						
- Church Health and Planting						
Budget	(71,563)	71,563				-
Royal Oak	3,600	(3,600)				-
- Special Ministries	(8,076)		8,076			-
- Trusts						-
Staff relocation	7,673			(7,673)		-
Camping trust fund	(9,800)			9,800		-
Sabbatical leave	(27,588)			27,588		-
Trust fund	15,000			(15,000)		-
Brownstone office costs	(3,468)			3,468		-
Bonnie Doon amortization		(2,048)		2,048		-
Syrian refugees	(28,269)			28,269		-
- Women in Focus	(3,866)				3,866	-
	<u>(126,357)</u>	<u>65,915</u>	<u>8,076</u>	<u>48,500</u>	<u>3,866</u>	<u>-</u>