

# Harvest Bible Chapel Brantford

## Financial Statements

For the year ended December 31, 2018

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To the Members of  
Harvest Bible Chapel Brantford

### **Independent Auditors' Report**

#### **Qualified Opinion**

We have audited the accompanying financial statements of Harvest Bible Chapel Brantford (the Church), which comprise the statement of financial position as at December 31, 2018, and the statements of receipts 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.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Harvest Bible Chapel Brantford 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 charitable organizations, the Church derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to amounts recorded in the records of the Church and we were not able to determine whether any adjustments might be necessary to those revenues, and excess of receipts over expenditures for the year ended December 31, 2018, and assets and net assets at December 31, 2018.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' 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 qualified opinion.

#### **Responsibilities of Management and Those Charged with Governance 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.

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.

**Auditors' 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 Auditing Standards (CASs), 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.
- 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.

June 12, 2019  
Burlington, Ontario



Chartered Professional Accountants  
Licensed Public Accountants

**Harvest Bible Chapel Brantford**

**Statement of Financial Position**

**December 31, 2018**

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	<b>Assets</b>	
	<b>2018</b>	<b>2017</b>
<b>Current assets</b>		
Cash and cash equivalents	\$ 26,420	\$ -
Restricted cash and cash equivalents (Note 6)	73,391	68,036
Internally restricted cash and cash equivalents (Note 7)	52,798	75,924
H.S.T. receivable	8,908	25,002
Prepaid expenses and deposits	11,039	7,876
Related party loans (Note 3)	33,947	1,250
	<b>206,503</b>	178,088
<b>Capital assets (Note 4)</b>	<b>37,660</b>	39,078
	<b>\$ 244,163</b>	<b>\$ 217,166</b>

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Approved on Behalf of the Board



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Member



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Member

*The accompanying notes are an integral part of the financial statements.*



<b>Liabilities</b>			
	<b>2018</b>		<b>2017</b>
<b>Current liabilities</b>			
Bank indebtedness	\$ -	\$	414
Accounts payable and accrued liabilities	<b>21,358</b>		22,359
Related party loans (Note 5)	-		4,620
	<b>21,358</b>		27,393
<b>Deferred building campaign contributions (Note 6)</b>	<b>73,391</b>		70,211
	<b>\$ 94,749</b>	\$	97,604
<b>Net Assets</b>			
<b>Net assets invested in capital assets</b>	<b>\$ 37,660</b>	\$	39,078
<b>Net assets internally restricted (Note 7)</b>	<b>52,798</b>		75,924
<b>Unrestricted net assets</b>	<b>58,956</b>		4,560
	<b>149,414</b>		119,562
	<b>\$ 244,163</b>	\$	217,166

*The accompanying notes are an integral part of the financial statements.*



**Harvest Bible Chapel Brantford**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2018**

	Invested in Capital Assets	Internally Restricted (Note 7)	Unrestricted	Total 2018	Total 2017
Balance, beginning of year	\$ 39,078	\$ 75,924	\$ 4,560	\$ 119,562	\$ 29,475
Excess (deficiency) of receipts over expenditures for the year	(12,544)	-	42,396	29,852	90,087
Transfer from internally restricted	-	(23,126)	23,126	-	-
Purchase of capital assets	11,126	-	(11,126)	-	-
<b>Balance, end of year</b>	<b>\$ 37,660</b>	<b>\$ 52,798</b>	<b>\$ 58,956</b>	<b>\$ 149,414</b>	<b>\$ 119,562</b>

*The accompanying notes are an integral part of the financial statements.*



**Harvest Bible Chapel Brantford**  
**Statement of Receipts and Expenditures**  
**Year Ended December 31, 2018**

	<b>2018</b>	<b>2017</b>
<b>Receipts</b>	<b>\$ 716,631</b>	<b>\$ 706,093</b>
<b>Expenditures</b>		
Administration	71,760	68,503
Adult ministries	3,603	8,523
Amortization	12,544	15,477
Building and property	72,086	67,170
Family ministries	15,906	12,619
Hospitality	1,126	1,292
Ministry operations	472,169	398,844
Missions	31,496	36,613
Worship and production	6,089	6,965
	<b>686,779</b>	<b>616,006</b>
<b>Excess of receipts over expenditures for the year</b>	<b>\$ 29,852</b>	<b>\$ 90,087</b>

*The accompanying notes are an integral part of the financial statements.*



## Harvest Bible Chapel Brantford

### Statement of Cash Flows

Year Ended December 31, 2018

	2018	2017
<b>Cash flows from operating activities</b>		
Excess of receipts over expenditures for the year	\$ 29,852	\$ 90,087
Charges not involving cash		
Amortization	12,544	15,477
	42,396	105,564
Net change in H.S.T. receivable	16,094	(10,145)
Net change in accounts payable and accrued liabilities	(1,001)	(8,493)
Net change in other operating working capital balances	(40,480)	(40,540)
Cash flows from operating activities	17,009	46,386
<b>Cash flows from financing activities</b>		
Net change in deferred building campaign contributions	3,180	48,780
Cash flows from financing activities	3,180	48,780
<b>Cash flows from investing activities</b>		
Purchase of capital assets	(11,126)	(7,814)
Cash flows used in investing activities	(11,126)	(7,814)
<b>Net increase in cash and cash equivalents</b>	<b>9,063</b>	<b>87,352</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>143,546</b>	<b>56,194</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 152,609</b>	<b>\$ 143,546</b>
<b>Cash and cash equivalents consist of:</b>		
Cash and cash equivalents (bank indebtedness)	\$ 26,420	\$ (414)
Restricted cash and cash equivalents	73,391	68,036
Internally restricted cash and cash equivalents	52,798	75,924
	\$ 152,609	\$ 143,546

The accompanying notes are an integral part of the financial statements.





# Harvest Bible Chapel Brantford

## Notes to Financial Statements

Year Ended December 31, 2018

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### 1. Form of Organization

Harvest Bible Chapel Brantford (the "Church") is registered as a charitable organization under the Canadian Income Tax Act.

The focus of the ministry at Harvest Bible Chapel Brantford is to glorify God through the fulfillment of the Great Commission (Matthew 28:19-20) in the spirit of the Great Commandment (Matthew 22:37-39). This is fulfilled as disciples of Jesus Christ are made. God is glorified as we manifest His presence in doing so (2 Timothy 2:2; 1 Corinthians 10:31).

### 2. Significant accounting policies

#### Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

#### Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks.

#### Financial instruments

The Church's financial instruments consist of cash and cash equivalents, restricted cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities. Financial instruments are initially recognized at fair value and subsequently measured at amortized cost. Transaction costs and financing fees associated with financial instruments carried at amortized cost are recorded as adjustments to the initial fair value recognized and amortized over the life of the financial instrument.

#### Capital assets

Capital assets are recorded at cost. Amortization is provided as follows:

Computer equipment	30% declining balance
Furniture and fixtures	20% declining balance
Leasehold improvements	3 year straight-line
Sound equipment	30% declining balance

One-half the normal rate of amortization is provided for in the year of acquisition.

#### Revenue recognition

The Church follows the deferral method of accounting for contributions. Restricted donations received are recognized as revenue in the period in which the related expenses are incurred. Unrestricted donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

#### Contributed services

Volunteers contribute many hours each year to assist the Church in carrying out its activities. Because of the difficulty of determining fair value, contributed services are not recognized in the financial statements.



# Harvest Bible Chapel Brantford

## Notes to Financial Statements

Year Ended December 31, 2018

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### 2. Significant accounting policies (cont'd.)

#### Income taxes

The Church is a not-for-profit organization registered under the Income Tax Act (the "Act") and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Church must meet certain requirements of the Act. In the opinion of management, these requirements have been met.

#### Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expense during the period. Actual results could differ from those estimates.

### 3. Related party loans

	2018	2017
Due from Hope Church Toronto West	\$ -	\$ 1,250
Due from Harvest Bible Chapel Oakville	<b>33,947</b>	-
	<b>\$ 33,947</b>	\$ 1,250

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The Church is related to Hope Church Toronto West through Harvest Bible Chapel Oakville which has the ability to exercise significant influence over both Churches due to the existence of common members on the Elder Boards.

Related party loans are unsecured, non-interest bearing, and have no set terms of repayment. Management anticipates that the amounts due from related parties will be repaid during the next fiscal year.



## Harvest Bible Chapel Brantford

### Notes to Financial Statements

Year Ended December 31, 2018

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#### 4. Capital assets

	Cost	Accumulated Amortization	2018	2017
Computer equipment	\$ 15,210	\$ 7,750	\$ 7,460	\$ 5,377
Furniture and fixtures	18,015	10,076	7,939	7,320
Leasehold improvements	5,138	5,138	-	-
Sound equipment	84,082	61,821	22,261	26,381
	<u>\$ 122,445</u>	<u>\$ 84,785</u>	<u>\$ 37,660</u>	<u>\$ 39,078</u>

#### 5. Related party loans

	2018	2017
Due to Harvest Bible Chapel Oakville	\$ -	\$ 4,620

Harvest Bible Chapel Oakville is related to the Church as it has the ability to exercise significant influence over the Church due to the existence of common members on the Elder Boards.

Related party loans are unsecured, non-interest bearing, and have no set terms of repayment. Management anticipates that the related party loans will be repaid during the next fiscal year.

#### 6. Deferred building campaign contributions

Deferred building campaign contributions represent unspent resources restricted for the purchase of capital assets. Changes in the deferred building campaign contributions balance are as follows:

	2018	2017
Balance, beginning of year	\$ 70,211	\$ 21,431
Contributions received	3,180	48,780
	<u>\$ 73,391</u>	<u>\$ 70,211</u>

#### 7. Net assets internally restricted

The Church has designated these funds to be reserved for future expenditures, consistent with the objectives of its ministry.



# Harvest Bible Chapel Brantford

## Notes to Financial Statements

Year Ended December 31, 2018

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### 8. Operating lease commitments

Future minimum payments for operating leases that have initial or remaining terms of one year or more consist of the following amounts:

	Premises	Equipment
2019	\$ 21,460	\$ 3,286
2020	-	3,286
2021	-	3,286
2022	-	3,286
2023	-	3,286
	<hr/>	<hr/>
	\$ 21,460	\$ 16,430

### 9. Related party transactions

During the year, the Church entered into transactions with related parties in the normal course of operations. These transactions, accounted for at their exchange amount, which is the amount of consideration established and agreed to by the related parties, are as follows:

	2018	2017
Professional fees paid to Harvest Bible Chapel Oakville (associated Church)	\$ 11,250	\$ 15,000

### 10. Financial instruments

The Church's financial instruments consist of cash and cash equivalents, restricted cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities.

#### Liquidity risk

The Church's exposure to liquidity risk is dependent on purchasing commitments and obligations for raising of funds to meet commitments and sustain operations. The Church controls liquidity risk by management of working capital, and cash flows.

Unless otherwise noted, it is management's opinion that the Church is not exposed to significant credit, interest, market, or currency risks.

