

REVIEW ENGAGEMENT REPORT

To the Members of
Banwell Community Church

We have reviewed the statement of financial position of Banwell Community Church as at December 31, 2016 and the statements of accumulated net assets, operations and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the organization.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

Windsor, Ontario
April 9, 2017



Chartered Professional Accountants
Licensed Public Accountants

BANWELL COMMUNITY CHURCH
(Prepared Without Audit)

FINANCIAL STATEMENTS

DECEMBER 31, 2016

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BANWELL COMMUNITY CHURCH

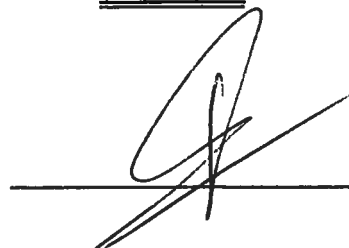
STATEMENT OF FINANCIAL POSITION

(Prepared Without Audit)

	December 31	
	<u>2016</u>	<u>2015</u>
ASSETS		
CURRENT ASSETS		
Cash		
General fund	\$ 58,628	\$ 48,682
Other funds--Note G	125,445	85,338
HST receivable	<u>11,142</u>	<u>4,732</u>
	195,215	138,752
MORTGAGE RECEIVABLE--NOTES D and G	104,500	111,100
CAPITAL ASSETS--NOTE C		
Land	398,720	398,720
Building	2,773,434	2,773,434
Parking lot	165,480	165,480
Furniture and equipment	195,081	195,081
Audio-video equipment	108,195	94,529
Landscaping	42,683	42,683
Sign	<u>23,765</u>	<u>23,765</u>
	3,707,358	3,693,692
Less accumulated amortization	<u>1,522,787</u>	<u>1,437,427</u>
	<u>2,184,571</u>	<u>2,256,265</u>
	<u>\$ 2,484,286</u>	<u>\$ 2,506,117</u>
LIABILITIES AND ACCUMULATED NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 37,675	\$ 23,488
Current portion of long-term debt--Note F	<u>77,623</u>	<u>513,905</u>
	115,298	537,393
LONG-TERM DEBT--NOTE F	367,268	-
ACCUMULATED NET ASSETS		
Represented by capital assets	1,739,681	1,742,361
Internally restricted--Note G	229,945	196,438
Unrestricted	<u>32,094</u>	<u>29,925</u>
	<u>2,001,720</u>	<u>1,968,724</u>
	<u>\$ 2,484,286</u>	<u>\$ 2,506,117</u>

APPROVED BY THE BOARD


 _____ Director


 _____ Director

See notes to financial statements

BANWELL COMMUNITY CHURCH

STATEMENT OF ACCUMULATED NET ASSETS

(Prepared Without Audit)

YEAR ENDED DECEMBER 31

	<u>Invested in Capital Assets</u>	<u>Internally Restricted (Note G)</u>	<u>Unrestricted</u>	<u>Total 2016</u>	<u>Total 2015</u>
Balance at beginning of year	\$ 1,742,361	\$ 196,438	\$ 29,925	\$ 1,968,724	\$ 1,979,013
Excess (deficiency) of revenues over expenditures	(85,360)	(2,767)	121,123	32,996	(10,289)
Net additions to capital assets	13,666	-	(13,666)	-	-
Decrease in long-term debt	69,014	-	(69,014)	-	-
Decrease in mortgage receivable	-	(6,600)	6,600	-	-
Transfers between funds	<u>-</u>	<u>42,874</u>	<u>(42,874)</u>	<u>-</u>	<u>-</u>
Balance at end of year	<u>\$ 1,739,681</u>	<u>\$ 229,945</u>	<u>\$ 32,094</u>	<u>\$ 2,001,720</u>	<u>\$ 1,968,724</u>

See notes to financial statements

BANWELL COMMUNITY CHURCH**STATEMENT OF OPERATIONS**

(Prepared Without Audit)

	Year Ended December 31		
	2016 <u>Budget</u> (Note J)	2016 <u>Actual</u>	2015 <u>Actual</u>
Revenues			
Contributions - general	\$ 542,500	\$ 595,429	\$ 544,388
Benevolent fund	20,000	19,155	19,753
Memorial fund	1,000	1,750	1,010
Other income	<u>14,875</u>	<u>5,433</u>	<u>7,893</u>
	578,375	621,767	573,044
Expenditures			
Wages and employee benefits	278,855	264,867	246,293
Interest and bank charges	400	743	654
Interest on long-term debt	23,620	23,620	34,981
Insurance	6,700	6,089	5,506
Convention and association	4,700	2,602	2,242
Office supplies and miscellaneous	32,450	27,235	31,726
Special projects	-	15,270	15,762
Benevolent fund	20,000	23,779	27,318
Memorial fund	1,000	-	-
Special mission designations	-	962	519
Mission giving (C.B.O.Q.)	30,100	33,868	25,041
Guest speakers	-	1,188	1,500
Outreach program	1,800	11,067	9,204
Sunday school	6,900	7,583	10,388
Musician fees and supplies	2,225	2,832	2,299
Professional fees	10,000	8,728	8,728
Repairs and maintenance	38,418	45,711	44,530
Telephone	3,200	4,198	4,605
Utilities	<u>25,000</u>	<u>23,069</u>	<u>23,161</u>
	<u>485,368</u>	<u>503,411</u>	<u>494,457</u>
	93,007	118,356	78,587
Amortization	<u>-</u>	<u>85,360</u>	<u>88,876</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 93,007</u>	<u>\$ 32,996</u>	<u>\$ (10,289)</u>

See notes to financial statements

BANWELL COMMUNITY CHURCH**STATEMENT OF CASH FLOWS**

(Prepared Without Audit)

	Year Ended December 31	
	<u>2016</u>	<u>2015</u>
CASH FLOWS PROVIDED BY (USED FOR):		
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	\$ 32,996	\$ (10,289)
Charges to income not affecting cash		
Amortization	85,360	88,876
Changes in non-cash components of working capital		
HST receivable	(6,410)	(873)
Accounts payable and accrued liabilities	<u>14,187</u>	<u>4,434</u>
	126,133	82,148
FINANCING ACTIVITIES		
Decrease in long-term debt	(69,014)	(57,653)
Decrease in mortgage receivable	<u>6,600</u>	<u>6,600</u>
	(62,414)	(51,053)
INVESTMENT ACTIVITIES		
Additions to equipment	<u>(13,666)</u>	<u>-</u>
	INCREASE IN CASH	31,095
Cash at beginning of year	<u>134,020</u>	<u>102,925</u>
	CASH AT END OF YEAR	CASH AT END OF YEAR
	<u>\$ 184,073</u>	<u>\$ 134,020</u>
Cash is comprised of:		
General fund	\$ 58,628	\$ 48,682
Other funds	<u>125,445</u>	<u>85,338</u>
	<u>\$ 184,073</u>	<u>\$ 134,020</u>

See notes to financial statements

BANWELL COMMUNITY CHURCH

NOTES TO FINANCIAL STATEMENTS

(Prepared Without Audit)

DECEMBER 31, 2016

A. GENERAL

Banwell Community Church is a not-for-profit religious organization which provides ministries in the four areas of: entry level faith, growing in Christ, learning our gifts and mission development. The Church is incorporated under the Canada Corporations Act as a not-for-profit organization and is a registered charity under the Income Tax Act.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING: These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

REVENUE RECOGNITION: The Church follows the deferral method of accounting for contributions. Restricted contributions are recognized 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 are recognized as direct increases in accumulated net assets.

USE OF ACCOUNTING ESTIMATES: The preparation of financial statements requires management and the Board of Directors to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent 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 these estimates.

CONTRIBUTED SERVICES: The operation of the Church relies upon the many hours of service provided by its members. Because of the difficulties of determining their fair value, contributed services are not recognized in these financial statements. Directors are not remunerated for their services.

FINANCIAL INSTRUMENTS: The Church's financial instruments consist of cash, HST receivable, mortgage receivable, accounts payable and accrued liabilities and long-term debt. The Church initially measures its financial assets and financial liabilities at fair value. The Church subsequently measures all of its financial assets and financial liabilities at amortized cost.

CAPITAL ASSETS: Capital assets are stated at cost. Amortization is calculated by using the declining balance method over the estimated useful asset lives at the following annual rates:

Building	4 %
Parking lot	8 %
Furniture and equipment	10 %
Audio-video equipment	20 %
Landscaping	10 %
Sign	20 %

BANWELL COMMUNITY CHURCH

NOTES TO FINANCIAL STATEMENTS (Continued)

(Prepared Without Audit)

C. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2016 Net</u>	<u>2015 Net</u>
Land	\$ 398,720	\$ -	\$ 398,720	\$ 398,720
Building	2,773,434	1,141,117	1,632,317	1,700,330
Parking lot	165,480	108,166	57,314	62,299
Furniture and equipment	195,081	132,874	62,207	69,119
Audio-video equipment	108,195	88,038	20,157	10,159
Landscaping	42,683	30,581	12,102	13,446
Sign	23,765	22,011	1,754	2,192
	<u>\$ 3,707,358</u>	<u>\$ 1,522,787</u>	<u>\$ 2,184,571</u>	<u>\$ 2,256,265</u>

D. MORTGAGE RECEIVABLE

The Trustees of Forest Glade Baptist Church transferred the mortgage on 3385 Forest Glade Drive, Windsor, Ontario to Banwell Community Church effective November 7, 2007. The mortgage, with an original principal amount of \$165,000 is owed by the Middle Eastern Bible Fellowship in Windsor. It is interest-free, with monthly payments of \$550, maturing July 26, 2027.

The monthly funds received are in turn committed to be paid out as follows:

Matthew House	- 31%
Missions	- 26%
C.B.O.Q.	- 29%

The residual amount of 14% is to be retained by Banwell Community Church.

E. BANK DEMAND LOAN

The Church has an operating line of credit of \$10,000 available at prime plus 0.5% per annum. Security for this debt is the same as the security provided for the mortgage payable.

F. LONG-TERM DEBT

	<u>2016</u>	<u>2015</u>
3.7% mortgage payable to Windsor Family Credit Union (WFCU) in monthly installments of principal and interest of \$7,719, maturing May 27, 2021, secured by a first charge over the Banwell Road property and a general security agreement	\$ 444,891	\$ 513,905
Less current portion	<u>77,623</u>	<u>513,905</u>
	<u>\$ 367,268</u>	<u>\$ -</u>

BANWELL COMMUNITY CHURCH

NOTES TO FINANCIAL STATEMENTS (Continued)

(Prepared Without Audit)

F. LONG-TERM DEBT (CONTINUED)

Minimum principal payments over the next five years are approximately:

2017	\$ 77,623
2018	80,519
2019	83,524
2020	88,622
2021	114,603

G. RESTRICTIONS ON ACCUMULATED NET ASSETS

The Board of Directors have internally restricted a portion of the accumulated net assets. These internally restricted amounts are not available for other purposes without the approval of the Board of Directors. The restricted amount represents assets set aside in the following funds:

	<u>2016</u>	<u>2015</u>
Capital cost contingency fund	\$ 113,149	\$ 70,168
Benevolent fund	5,037	9,661
Memorial fund	<u>7,259</u>	<u>5,509</u>
	125,445	85,338
 Mortgage receivable	 <u>104,500</u>	 <u>111,100</u>
	<u>\$ 229,945</u>	<u>\$ 196,438</u>

H. FINANCIAL INSTRUMENTS

The Church is exposed to various risks through its financial instruments.

CREDIT RISK: The Church is exposed to credit risk in the event of non-performance by counterparties in connection with its mortgage receivable.

LIQUIDITY RISK: Liquidity risk is the risk of being unable to meet cash requirements or to fund obligations as they become due. Accounts payable and accrued liabilities are generally paid within 30 days.

INTEREST RATE RISK: The Church is exposed to interest rate risk on its long-term debt. Fixed rate instruments subject the Church to fair value risk. It is management and the Board of Directors' opinion that interest rate risk is not significant.

I. RELATED PARTY TRANSACTIONS

Directors were reimbursed \$2,807 (2015 - \$1,736) for Church expenditures paid by these individuals on behalf of the Church.

J. BUDGETED FIGURES

Budgeted figures are prepared by the Board of Directors and are presented for information purposes only. Budgeted amounts have not been reviewed.