

Partners

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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, 2015 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 26, 2016

Popp Russo Leno LLP

Chartered Professional Accountants
Licensed Public Accountants

BANWELL COMMUNITY CHURCH
(Prepared Without Audit)

FINANCIAL STATEMENTS

DECEMBER 31, 2015

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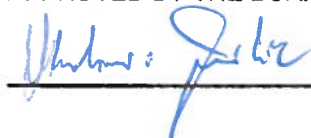
BANWELL COMMUNITY CHURCH

STATEMENT OF FINANCIAL POSITION

(Prepared Without Audit)

	December 31	
	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS		
Cash		
General fund	\$ 48,682	\$ 17,695
Other funds--Note G	85,337	85,231
HST receivable	<u>4,732</u>	<u>3,859</u>
	138,751	106,785
MORTGAGE RECEIVABLE--NOTES D and G	111,100	117,700
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	94,529	94,529
Landscaping	42,683	42,683
Sign	<u>23,765</u>	<u>23,765</u>
	3,693,692	3,693,692
Less accumulated amortization	<u>1,437,427</u>	<u>1,348,551</u>
	<u>2,256,265</u>	<u>2,345,141</u>
	 <u>\$ 2,506,116</u>	 <u>\$ 2,569,626</u>
 LIABILITIES AND ACCUMULATED NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 23,488	\$ 19,056
Current portion of long-term debt--Note F	<u>513,905</u>	<u>52,680</u>
	537,393	71,736
LONG-TERM DEBT--NOTE F	-	518,878
ACCUMULATED NET ASSETS		
Represented by capital assets	1,742,361	1,773,584
Internally restricted--Note G	196,437	202,931
Unrestricted	<u>29,925</u>	<u>2,497</u>
	<u>1,968,723</u>	<u>1,979,012</u>
	 <u>\$ 2,506,116</u>	 <u>\$ 2,569,626</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 2015</u>	<u>Total 2014</u>
Balance at beginning of year	\$ 1,773,584	\$ 202,931	\$ 2,497	\$ 1,979,012	\$ 1,975,014
Excess (deficiency) of revenues over expenditures	(88,876)	(6,449)	85,036	(10,289)	3,998
Decrease in long-term debt	57,653	-	(57,653)	-	-
Decrease in mortgage receivable	-	(6,600)	6,600	-	-
Transfers between funds	<u>-</u>	<u>6,555</u>	<u>(6,555)</u>	<u>-</u>	<u>-</u>
Balance at end of year	<u>\$ 1,742,361</u>	<u>\$ 196,437</u>	<u>\$ 29,925</u>	<u>\$ 1,968,723</u>	<u>\$ 1,979,012</u>

See notes to financial statements

BANWELL COMMUNITY CHURCH

STATEMENT OF OPERATIONS

(Prepared Without Audit)

	Year Ended December 31		
	2015 <u>Budget</u>	2015 <u>Actual</u>	2014 <u>Actual</u>
Revenues			
Contributions - general	\$ 509,500	\$ 544,388	\$ 548,553
Benevolent fund	20,000	19,753	36,575
Memorial fund	1,500	1,010	1,710
Other income	<u>4,875</u>	<u>7,893</u>	<u>5,677</u>
	535,875	573,044	592,515
Expenditures			
Wages and employee benefits	276,235	246,293	268,811
Interest and bank charges	400	654	423
Interest on long-term debt	34,981	34,981	39,872
Insurance	6,100	5,506	5,752
Convention and association	4,700	2,242	3,608
Office supplies and miscellaneous	31,150	31,728	29,095
Special projects	-	15,762	19,908
Benevolent fund	20,000	27,318	22,020
Memorial fund	1,000	-	-
Special mission designations	-	519	456
Mission giving (C.B.O.Q.)	30,500	25,041	25,866
Guest speakers	-	1,500	1,377
Outreach program	1,800	9,204	8,211
Sunday school	6,900	10,388	7,305
Musician fees and supplies	2,500	2,299	2,478
Professional fees	10,000	8,728	10,212
Repairs and maintenance	33,400	44,530	20,410
Telephone	3,200	4,605	3,193
Utilities	<u>23,500</u>	<u>23,161</u>	<u>25,371</u>
	<u>486,366</u>	<u>494,457</u>	<u>494,368</u>
	49,509	78,587	98,147
Amortization	<u>-</u>	<u>88,876</u>	<u>94,149</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 49,509</u>	<u>\$ (10,289)</u>	<u>\$ 3,998</u>

See notes to financial statements

BANWELL COMMUNITY CHURCH

STATEMENT OF CASH FLOWS

(Prepared Without Audit)

	Year Ended December 31	
	<u>2015</u>	<u>2014</u>
CASH FLOWS PROVIDED BY (USED FOR):		
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	\$ (10,289)	\$ 3,998
Charges to income not affecting cash		
Amortization	88,876	94,149
Changes in non-cash components of working capital		
HST receivable	(873)	213
Accounts payable and accrued liabilities	<u>4,432</u>	<u>788</u>
	82,146	99,148
FINANCING ACTIVITIES		
Decrease in long-term debt	(57,653)	(75,887)
Decrease in mortgage receivable	<u>6,600</u>	<u>6,600</u>
	(51,053)	(69,287)
INVESTMENT ACTIVITIES		
Additions to equipment	<u>-</u>	<u>(835)</u>
	INCREASE IN CASH	29,026
Cash at beginning of year	<u>102,926</u>	<u>73,900</u>
	CASH AT END OF YEAR	CASH AT END OF YEAR
	<u>\$ 134,019</u>	<u>\$ 102,926</u>
Cash is comprised of:		
General fund	\$ 48,682	\$ 17,695
Other funds	<u>85,337</u>	<u>85,231</u>
	<u>\$ 134,019</u>	<u>\$ 102,926</u>

See notes to financial statements

BANWELL COMMUNITY CHURCH

NOTES TO FINANCIAL STATEMENTS

(Prepared Without Audit)

DECEMBER 31, 2015

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>2015 Net</u>	<u>2014 Net</u>
Land	\$ 398,720	\$ -	\$ 398,720	\$ 398,720
Building	2,773,434	1,073,104	1,700,330	1,771,177
Parking lot	165,480	103,182	62,298	67,716
Furniture and equipment	195,081	125,962	69,119	76,799
Audio-video equipment	94,529	84,370	10,159	13,049
Landscaping	42,683	29,236	13,447	14,940
Sign	23,765	21,573	2,192	2,740
	<u>\$ 3,693,692</u>	<u>\$ 1,437,427</u>	<u>\$ 2,256,265</u>	<u>\$ 2,345,141</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>2015</u>	<u>2014</u>
6.5% mortgage payable to Windsor Family Credit Union (WFCU) in monthly installments of principal and interest of \$7,719, maturing May 26, 2016, secured by a first charge over the Banwell Road property and a general security agreement	\$ 513,905	\$ 571,558
Less current portion	<u>513,905</u>	<u>52,680</u>
	<u>\$ -</u>	<u>\$ 518,878</u>

The Church is currently in discussions with Windsor Family Credit Union on the terms of a new mortgage.

BANWELL COMMUNITY CHURCH

NOTES TO FINANCIAL STATEMENTS (Continued)

(Prepared Without Audit)

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>2015</u>	<u>2014</u>
Capital cost contingency fund	\$ 70,168	\$ 63,476
Benevolent fund	9,661	17,225
Memorial fund	<u>5,508</u>	<u>4,530</u>
	85,337	85,231
Mortgage receivable	<u>111,100</u>	<u>117,700</u>
	<u>\$ 196,437</u>	<u>\$ 202,931</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 \$1,736 (2014 - \$2,172) 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.