

BANWELL COMMUNITY CHURCH
(Prepared Without Audit)

FINANCIAL STATEMENTS

DECEMBER 31, 2017

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INDEPENDENT PRACTITIONER'S 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, 2017 and the statement of operations, accumulated 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

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 required 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 engagement 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.

Basis for Qualified Conclusion

In common with many not-for-profit organizations, Banwell Community Church derives revenue from cash donations, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of review. Accordingly, the evidence obtained relating to these revenues was limited to the amounts recorded in the records of Banwell Community Church. Therefore, we were unable to determine whether any adjustments might have been found necessary with respect to revenue, excess of revenue over expenses, and cash flows from operations for the years ended December 31, 2017 and 2016, current assets as at December 31, 2017 and 2016 and net assets as at January 1 and December 31 for the 2017 and 2016 year ends. Our conclusion on the financial statements as at and for the year ended December 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying financial statements do not present fairly, in all material respects, the financial position of Banwell Community Church as at December 31, 2017, 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.

Windsor, Ontario
May 22, 2018



Chartered Professional Accountants
Licensed Public Accountants

BANWELL COMMUNITY CHURCH


STATEMENT OF FINANCIAL POSITION

(Prepared Without Audit)

	December 31	
	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS		
Cash		
General fund	\$ 26,619	\$ 58,628
Other funds--Note G	118,097	125,445
HST receivable	<u>18,225</u>	<u>11,142</u>
	162,941	195,215
MORTGAGE RECEIVABLE--NOTES D and G	97,900	104,500
LIFE INSURANCE POLICY--NOTE H	250,000	-
CAPITAL ASSETS--NOTE C		
Land	398,720	398,720
Building	2,773,434	2,773,434
Construction in progress	88,382	-
Parking lot	165,480	165,480
Furniture and equipment	207,017	195,081
Audio-video equipment	111,325	108,195
Landscaping	42,683	42,683
Sign	<u>23,765</u>	<u>23,765</u>
	3,810,806	3,707,358
Less accumulated amortization	<u>1,605,649</u>	<u>1,522,787</u>
	<u>2,205,157</u>	<u>2,184,571</u>
	<u>\$ 2,715,998</u>	<u>\$ 2,484,286</u>
LIABILITIES AND ACCUMULATED NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 34,416	\$ 37,675
Current portion of long-term debt--Note F	<u>80,519</u>	<u>77,623</u>
	114,935	115,298
LONG-TERM DEBT--NOTE F	286,776	367,268
DEFERRED REVENUE - LIFE INSURANCE POLICY--NOTE H	250,000	-
ACCUMULATED NET ASSETS		
Represented by capital assets	1,837,863	1,739,681
Internally restricted--Note G	215,997	229,945
Unrestricted	<u>10,427</u>	<u>32,094</u>
	<u>2,064,287</u>	<u>2,001,720</u>
	<u>\$ 2,715,998</u>	<u>\$ 2,484,286</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 2017</u>	<u>Total 2016</u>
Balance at beginning of year	\$ 1,739,681	\$ 229,945	\$ 32,094	\$ 2,001,720	\$ 1,968,724
Excess (deficiency) of revenues over expenditures	(82,862)	7,451	137,978	62,567	32,996
Net additions to capital assets	103,448	-	(103,448)	-	-
Decrease in long-term debt	77,596	-	(77,596)	-	-
Decrease in mortgage receivable	-	(6,600)	6,600	-	-
Transfers between funds	<u>-</u>	<u>(14,799)</u>	<u>14,799</u>	<u>-</u>	<u>-</u>
Balance at end of year	<u>\$ 1,837,863</u>	<u>\$ 215,997</u>	<u>\$ 10,427</u>	<u>\$ 2,064,287</u>	<u>\$ 2,001,720</u>

See notes to financial statements

BANWELL COMMUNITY CHURCH

STATEMENT OF OPERATIONS

(Prepared Without Audit)

	Year Ended December 31		
	2017 <u>Budget</u> (Note K)	2017 <u>Actual</u>	2016 <u>Actual</u>
Revenues			
Contributions - general	\$ 560,000	\$ 606,570	\$ 595,429
Benevolent fund	20,000	21,575	19,155
Memorial fund	1,000	3,400	1,750
Other income	<u>15,100</u>	<u>9,332</u>	<u>5,433</u>
	596,100	640,877	621,767
Expenditures			
Wages and employee benefits	286,848	265,019	264,867
Interest and bank charges	750	699	743
Interest on long-term debt	15,037	15,037	23,620
Insurance	6,500	6,362	6,089
Convention and association	5,500	4,108	3,298
Office supplies and miscellaneous	32,550	40,982	26,538
Special projects	10,800	12,770	15,270
Benevolent fund	20,000	17,674	23,779
Mission giving (C. B. O. Q.)	21,500	35,117	33,868
Guest speakers	1,200	1,200	1,188
Outreach program	2,500	15,016	11,067
Sunday school	6,900	6,666	7,583
Musician fees and supplies	3,200	3,101	2,832
Professional fees	10,000	8,910	8,728
Repairs and maintenance	37,518	36,575	46,673
Telephone	4,200	2,903	4,198
Utilities	<u>25,000</u>	<u>23,308</u>	<u>23,070</u>
	<u>490,003</u>	<u>495,447</u>	<u>503,411</u>
	106,097	145,430	118,356
Amortization	<u>-</u>	<u>82,862</u>	<u>85,360</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 106,097</u>	<u>\$ 62,568</u>	<u>\$ 32,996</u>

See notes to financial statements

BANWELL COMMUNITY CHURCH

STATEMENT OF CASH FLOWS

(Prepared Without Audit)

	Year Ended December 31	
	<u>2017</u>	<u>2016</u>
CASH FLOWS PROVIDED BY (USED FOR):		
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 62,568	\$ 32,996
Charges to income not affecting cash		
Amortization	82,862	85,360
Changes in non-cash components of working capital		
HST receivable	(7,083)	(6,410)
Accounts payable and accrued liabilities	<u>(3,260)</u>	<u>14,186</u>
	135,087	126,132
FINANCING ACTIVITIES		
Decrease in long-term debt	(77,596)	(69,013)
Decrease in mortgage receivable	<u>6,600</u>	<u>6,600</u>
	(70,996)	(62,413)
INVESTMENT ACTIVITIES		
Additions to equipment	<u>(103,448)</u>	<u>(13,666)</u>
INCREASE (DECREASE) IN CASH	(39,357)	50,053
Cash at beginning of year	<u>184,073</u>	<u>134,020</u>
CASH AT END OF YEAR	<u>\$ 144,716</u>	<u>\$ 184,073</u>
Cash is comprised of:		
General fund	\$ 26,619	\$ 58,628
Other funds	<u>118,097</u>	<u>125,445</u>
	<u>\$ 144,716</u>	<u>\$ 184,073</u>

See notes to financial statements

BANWELL COMMUNITY CHURCH

NOTES TO FINANCIAL STATEMENTS

(Prepared Without Audit)

DECEMBER 31, 2017

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, life insurance, 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>2017 Net</u>	<u>2016 Net</u>
Land	\$ 398,720	\$ -	\$ 398,720	\$ 398,720
Building	2,773,434	1,206,410	1,567,024	1,632,317
Construction in progress	88,382	-	88,382	-
Parking lot	165,480	112,751	52,729	57,315
Furniture and equipment	207,017	139,691	67,326	62,207
Audio-video equipment	111,325	92,644	18,681	20,157
Landscaping	42,683	31,791	10,892	12,101
Sign	<u>23,765</u>	<u>22,362</u>	<u>1,403</u>	<u>1,754</u>
	<u>\$ 3,810,806</u>	<u>\$ 1,605,649</u>	<u>\$ 2,205,157</u>	<u>\$ 2,184,571</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>2017</u>	<u>2016</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	\$ 367,295	\$ 444,891
Less current portion	<u>80,519</u>	<u>77,623</u>
	<u>\$ 286,776</u>	<u>\$ 367,268</u>

BANWELL COMMUNITY CHURCH

NOTES TO FINANCIAL STATEMENTS (Continued)

(Prepared Without Audit)

F. LONG-TERM DEBT (CONTINUED)

Minimum principal payments over the next four years are approximately:

2018	\$ 80,519
2019	83,524
2020	88,622
2021	114,630

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>2017</u>	<u>2016</u>
Capital cost contingency fund	\$ 108,544	\$ 113,149
Benevolent fund	7,030	5,037
Memorial fund	<u>2,523</u>	<u>7,259</u>
	118,097	125,445
 Mortgage receivable	 <u>97,900</u>	 <u>104,500</u>
	<u>\$ 215,997</u>	<u>\$ 229,945</u>

H. DONATION OF LIFE INSURANCE POLICY FROM CHURCH MEMBER

During the year, a Church member donated \$250,000 towards the cost of an insurance policy on their life to the Church. As the beneficiary of the policy, the Church will receive a death benefit of \$398,578 upon the death of the insured member.

I. 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.

BANWELL COMMUNITY CHURCH

NOTES TO FINANCIAL STATEMENTS (Continued)
(Prepared Without Audit)

J. RELATED PARTY TRANSACTIONS

Directors were reimbursed \$3,448 (2016 - \$2,807) for Church expenditures paid by these individuals on behalf of the Church.

K. BUDGETED FIGURES

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