

**Lambrick Park Church  
Financial Statements  
Year Ended August 31, 2021**

*Draft for discussion purposes only*

## Independent Auditor's Report

### To the Members of Lambrick Park Church

### Report on the Financial Statements

#### Opinion

We have audited the financial statements of Lambrick Park Church (the Society), which comprise the statement of financial position as at August 31, 2021, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at August 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

#### Basis for Opinion

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 Society in accordance with 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 opinion.

#### Report on Other Legal and Regulatory Requirements

As required by the British Columbia Societies Act, we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

#### 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 ASNPO, 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

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Independent Auditor's Report to the Members of Lambrick Park Church *(continued)*

**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 Society'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 Society'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 Society 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.

**Lambrick Park Church**  
**Statement of Financial Position**  
**August 31, 2021**

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	2021 \$	2020 \$
<b>Assets</b>		
Current		
Cash	355,751	228,031
Accounts receivable	5,908	139,012
Government remittances receivable	4,919	358
Prepays	4,510	4,756
	371,088	372,157
Property and equipment (Note 3)	683,520	672,774
<b>Total assets</b>	<b>1,054,608</b>	<b>1,044,931</b>
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities	9,945	12,597
Deferred revenue	21,938	26,963
	31,883	39,560
Long term debt (Note 4)	40,000	40,000
Deferred capital contributions (Note 7)	45,126	46,073
<b>Total liabilities</b>	<b>117,009</b>	<b>125,633</b>
<b>Net Assets</b>		
Invested in property and equipment (Note 8)	638,394	626,701
Internally restricted (Note 9)	13,768	10,000
Unrestricted	285,437	282,597
	937,599	919,298
<b>Total liabilities and net assets</b>	<b>1,054,608</b>	<b>1,044,931</b>

**On behalf of the Elders**

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Elder

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Elder

*The accompanying notes are an integral part of these financial statements*

**Lambrick Park Church**  
**Statement of Changes in Net Assets**  
**Year Ended August 31, 2021**

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	Invested in Property and Equipment \$	Internally Restricted \$	Unrestricted \$	2021 \$	2020 \$
<b>Net assets - beginning of year</b>	626,701	10,000	282,597	919,298	740,088
Excess of revenue (deficiency) over expenses	(64,575)	-	82,876	18,301	179,210
Interfund transfers	-	3,768	(3,768)	-	-
Investments in property and equipment	76,268	-	(76,268)	-	-
<b>Net assets - end of year</b>	<b>638,394</b>	<b>13,768</b>	<b>285,437</b>	<b>937,599</b>	<b>919,298</b>

*The accompanying notes are an integral part of these financial statements*

**Lambrick Park Church**  
**Statement of Operations**  
**Year Ended August 31, 2021**

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	Budget \$	2021 \$	2020 \$
<b>Revenue</b>			
Receiptable donations	473,700	501,728	508,657
Wiseways revenue	491,200	463,176	297,929
Wiseways grants (Note 5)	125,180	153,447	249,812
Non-receiptable donations	122,800	85,237	101,403
Other revenue	9,000	53,362	23,984
Wage subsidies (Note 6)	-	39,255	268,392
Other revenue - Wiseways	-	24,285	-
Amortization of deferred capital contributions (Note 7)	-	4,797	4,007
	<u>1,221,880</u>	<u>1,325,287</u>	<u>1,454,184</u>
<b>Expenses</b>			
Amortization of property and equipment	-	69,372	63,309
Office and administration	30,700	28,379	28,957
Facilities and insurance	118,082	124,078	111,978
Vehicles	1,000	515	614
Wages and benefits	935,177	927,191	899,696
Personnel development	1,300	1,925	2,052
Missions	65,200	80,223	81,873
Vision ministry	5,000	5,000	5,000
Professional fees	12,500	13,682	7,053
Sunday ministry	8,600	8,777	7,653
Elders discretionary	750	3,734	307
Lead pastor	1,350	1,103	962
Worship arts	4,250	5,500	8,083
Children's ministry	4,750	2,743	1,502
Youth ministry	6,500	4,578	11,599
Community life ministry	8,550	5,382	11,494
Wiseways preschool	24,000	24,804	32,842
	<u>1,227,709</u>	<u>1,306,986</u>	<u>1,274,974</u>
<b>Excess (deficiency) of revenue over expenses</b>	<u>(5,829)</u>	<u>18,301</u>	<u>179,210</u>

The accompanying notes are an integral part of these financial statements

**Lambrick Park Church**  
**Statement of Cash Flows**  
**Year Ended August 31, 2021**

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	2021 \$	2020 \$
Operating activities		
Excess of revenue over expenses	18,301	179,210
Items not affecting cash:		
Amortization of property and equipment	69,372	63,309
Amortization of deferred capital contributions	(4,797)	(4,007)
	<u>82,876</u>	<u>238,512</u>
Changes in non-cash working capital:		
Accounts receivable	133,104	(128,065)
Accounts payable and accrued liabilities	(2,651)	(12,775)
Government remittances receivable	(4,561)	513
Deferred revenue	(5,024)	(14,890)
Prepays	246	162
	<u>121,114</u>	<u>(155,055)</u>
Cash flow from operating activities	<u>203,990</u>	<u>83,457</u>
Investing activity		
Net purchase of property and equipment	<u>(76,270)</u>	<u>10,454</u>
Financing activities		
Loan payable	-	(10,673)
Long term debt	-	40,000
Cash flow from financing activities	<u>-</u>	<u>29,327</u>
<b>Increase in cash flow</b>	<b>127,720</b>	<b>123,238</b>
Cash - beginning of year	<u>228,031</u>	<u>104,793</u>
<b>Cash - end of year</b>	<b><u>355,751</u></b>	<b><u>228,031</u></b>

*The accompanying notes are an integral part of these financial statements*

**1. Purpose of the Organization**

Lambrick Park Church (the "Society") was incorporated provincially under the Society Act of British Columbia on December 8, 1965 and transitioned to the new Societies Act on November 15, 2018. The purpose of the Society is to function as a local Church, engaging in all such activities appropriate thereto such as:

- The Worship of God
- The Edification of Christians
- The Proclamation of the Gospel of the Lord Jesus Christ

These activities and all others related or contributory thereto may be carried out individually, collectively or in co-operation with other bodies or individuals.

As a registered charity the Society is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

**2. Significant accounting policies**

**Basis of presentation**

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO), and include the following accounting policies:

**Revenue recognition**

Lambrick Park Church follows the deferral method of accounting for contributions.

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 are recognized as direct increases in net assets.

**Property and equipment**

Property and equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life on a straight-line basis at the following rates:

Buildings	20-40 years
Equipment	5 years
Furnishings	5 years
Sign & Fence	5-20 years

The Society regularly reviews its property and equipment to eliminate obsolete items. Government grants are treated as a reduction of property and equipment cost.

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

**Government assistance**

Government assistance for acquiring fixed assets and related to expenses is recorded as deferred government assistance and is amortized on the same basis and according to the same rates as the related fixed assets or to income as eligible expenditures are incurred. Government assistance for current expenses is recorded as income. Government assistance for acquiring fixed assets is recorded as a reduction of the cost of related assets.

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## 2. Significant accounting policies (continued)

### Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

### 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. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

### 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. 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.

Financial instruments measured at amortized cost include accounts receivable, government remittances receivable, and accounts payable and accrued liabilities.

Financial instruments measured at fair value include cash and short-term deposits.

## 3. Property and equipment

	2021		2020	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Land	123,750	-	123,750	-
Buildings	1,681,058	1,162,517	1,629,327	1,113,606
Equipment	311,400	286,768	294,239	272,799
Furnishings	107,737	101,949	107,737	96,161
Sign & Fence	14,452	3,643	3,225	2,938
	2,238,397	1,554,877	2,158,278	1,485,504
Net book value	683,520		672,774	

## 4. Long term debt

CANADA EMERGENCY BUSINESS ACCOUNT, \$60,000 interest-free loan with no required principal repayments and \$20,000 available loan forgiveness if \$40,000 is repaid on or before December 31, 2022. Forgivable portion of loan was recognized in other revenue in the current fiscal year. In the event that the balance remains unpaid subsequent to December 31, 2022, the balance at that time will be converted to a 3-year term loan with a 5% annual interest rate.

**5. Wiseways grants**

The following grants were received from the Province of British Columbia:

	2021 \$	2020 \$
Child Care Fee Reduction Initiative	66,691	41,000
Child Care Health and Safety Grant	9,800	-
Child Care Operating Funding Program	53,673	35,494
Child Care Operating Funding Program - Temporary Emergency Funding	-	161,734
Early Childhood Education Wage Enhancement	23,283	11,584
	<u>153,447</u>	<u>249,812</u>

**6. Government assistance**

As a result of the COVID-19 pandemic, the Society received federal government assistance in the form of the Canada Emergency Wage Subsidy (CEWS) and the 10% Temporary Wage Subsidy for Employers (TWS) in the amount of \$39,255 (2020 - \$268,392).

**7. Deferred capital contributions**

Deferred capital contributions represent contributions restricted to acquiring property and equipment. Deferred capital contributions are amortized on the same basis as the related property and equipment and are recorded as revenue in the Statement of Operations.

The changes in the deferred capital contribution balance are as follows:

	2021 \$	2020 \$
Balance, beginning of the year	46,073	34,179
Additions	3,850	15,901
Amounts amortized to revenue	(4,797)	(4,007)
Balance, end of the year	<u>45,126</u>	<u>46,073</u>

**8. Net assets invested in property and equipment**

Investment in property and equipment is calculated as follows:

	2021 \$	2020 \$
Property and equipment	683,520	672,774
Amount financed by deferred capital contributions	(45,126)	(46,073)
	<u>638,394</u>	<u>626,701</u>

**9. Internally restricted net assets**

The Board of Directors has approved a transfer of \$3,768 to be internally restricted.

**10. Credit facility**

The Society has a credit facility with Vancouver City Savings Credit Union, which includes an approved operating line that can be drawn upon to a maximum of \$50,000, which bears interest at 3.45%. At August 31, 2021, the amount owing was \$Nil (2020: \$Nil).

**11. Financial risks and concentration of risks**

The Society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Society's risk exposure and concentration as of August 31, 2021. There have been no significant changes in the society's risk exposure from the prior year.

**Credit risk**

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society is exposed to credit risk from its accounts receivable. Accounts receivable involve a government entity, and therefore the Society is not subject to any significant concentration of risk.

**Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society does not face significant liquidity risk exposure.

**Currency risk**

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Society does not face significant currency risk exposure.

**Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Society does not face significant interest rate exposure.

**12. Salaries, honoraria and benefits**

Under the British Columbia Societies Act, societies must disclose remuneration paid to Directors, employees, and contractors who received compensation in excess of \$75,000 for the fiscal year.

During the year, there was one employee who met this criterion, and the total amount of remuneration paid to this person was \$93,328 (2020: \$171,341). There was no remuneration paid to Directors.

**13. Comparative figures**

Some of the comparative figures have been reclassified to conform to the current year's presentation.