

CANADIAN BAPTISTS OF ATLANTIC CANADA

FINANCIAL STATEMENTS

DECEMBER 31, 2022

CANADIAN BAPTISTS OF ATLANTIC CANADA

DECEMBER 31, 2022

CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Statement of Cash Flows	6
Schedule of Unrestricted Fund Operations	7
Schedule of Restricted Fund Operations and Changes in Net Assets	8
Notes to Financial Statements	9 - 14

INDEPENDENT AUDITORS' REPORT

To the Directors of the Canadian Baptists of Atlantic Canada

Qualified Opinion

We have audited the financial statements of Canadian Baptists of Atlantic Canada (the "organization"), which comprise the statement of financial position as at December 31, 2022, 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2022, 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 organization derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenue, excess (deficiency) of revenue over expenditures, assets and fund balances.

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 organization 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit 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 organization's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

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

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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 auditors' 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 organization'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 organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the organization 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.

Saint John, New Brunswick
April 28, 2023



CHARTERED PROFESSIONAL ACCOUNTANTS

CANADIAN BAPTISTS OF ATLANTIC CANADA

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT		
Cash	\$ 277,626	\$ 296,902
Accounts receivable (Note 4)	395,020	413,365
Accounts receivable from related organizations (Note 7)	12,374	16,581
Prepaid expenses	<u>20,367</u>	<u>35,741</u>
	<u>705,387</u>	<u>762,589</u>
RESTRICTED CASH	<u>150,438</u>	<u>174,527</u>
INVESTMENTS (Note 5)		
Restricted	1,460,238	604,570
Unrestricted	<u>350,502</u>	<u>191,665</u>
	<u>1,810,740</u>	<u>796,235</u>
CAPITAL ASSETS (Note 6)	<u>91,206</u>	<u>112,522</u>
	<u>\$ 2,757,771</u>	<u>\$ 1,845,873</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 84,101	\$ 95,867
Employee deductions payable	7,632	10,311
Distributions payable to agencies (Note 7)	89,723	41,025
Accounts payable to related organizations (Note 7)	24,990	16,253
Deferred revenue	<u>423,510</u>	<u>262,366</u>
	<u>629,956</u>	<u>425,822</u>
FUTURE EMPLOYEE BENEFITS	<u>59,467</u>	<u>53,223</u>
NET ASSETS		
UNRESTRICTED	457,672	587,731
RESTRICTED (Page 8)	<u>1,610,676</u>	<u>779,097</u>
	<u>2,068,348</u>	<u>1,366,828</u>
	<u>\$ 2,757,771</u>	<u>\$ 1,845,873</u>

COMMITMENTS (Note 8)

APPROVED ON BEHALF OF THE BOARD:

 Chairman

 Director

CANADIAN BAPTISTS OF ATLANTIC CANADA

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Unrestricted Fund</u>		<u>Restricted Funds</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
NET ASSETS AT BEGINNING OF YEAR	\$ 587,731	\$ 608,312	\$ 779,097	\$ 780,928	\$ 1,366,829	\$ 1,389,240
Excess (deficiency) of revenue over expenditures	<u>(130,059)</u>	<u>(20,581)</u>	<u>831,579</u>	<u>(1,831)</u>	<u>701,520</u>	<u>(22,411)</u>
NET ASSETS AT END OF YEAR	<u>\$ 457,672</u>	<u>\$ 587,731</u>	<u>\$ 1,610,676</u>	<u>\$ 779,097</u>	<u>\$ 2,068,349</u>	<u>\$ 1,366,829</u>

CANADIAN BAPTISTS OF ATLANTIC CANADA

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Unrestricted Fund</u>		<u>Restricted Funds (Page 8)</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
REVENUE						
Administration fees	\$ 16,212	\$ 16,387	\$ -	\$ -	\$ 16,212	\$ 16,387
Church and CBAC offerings (Note 7)	1,641,052	1,679,793	17,818	50,309	1,658,870	1,730,102
Conference and other revenue (Note 7)	259,660	146,555	23,000	-	282,660	146,555
Designated offerings	235,016	202,088	961,822	137,304	1,196,838	339,392
Interest and investment	<u>4,246</u>	<u>3,790</u>	<u>15,127</u>	<u>13,443</u>	<u>19,373</u>	<u>17,233</u>
	<u>2,156,186</u>	<u>2,048,613</u>	<u>1,017,767</u>	<u>201,056</u>	<u>3,173,953</u>	<u>2,249,669</u>
EXPENDITURES						
Amortization	25,022	27,357	-	-	25,022	27,357
Bank charges and interest	4,050	3,671	-	-	4,050	3,671
Continuing education	6,627	3,191	-	-	6,627	3,190
Distributions to agencies (Note 7)	621,579	669,288	-	-	621,579	669,288
Grants and assistance	16,429	1,500	37,889	67,181	54,318	68,681
Insurance	22,532	25,806	-	-	22,532	25,806
Meetings and travel	139,410	57,379	1,464	469	140,874	57,848
Miscellaneous	10,774	2,443	532	3,485	11,306	5,928
Hurricane relief fund	34,500	-	-	-	34,500	-
Oasis	70,111	27,451	-	-	70,111	27,451
Occupancy costs (Notes 7, 8)	46,500	46,290	-	-	46,500	46,290
Office	6,744	7,367	-	-	6,744	7,367
Postage	14,267	11,005	-	-	14,267	11,006
Printing	3,962	3,525	-	-	3,962	3,525
Professional fees	17,459	27,783	-	-	17,459	27,783
Programs and materials	133,997	109,356	-	-	133,997	109,356
Salaries and benefits	1,082,512	1,021,390	146,303	131,752	1,228,815	1,153,142
Systems maintenance	11,627	6,049	-	-	11,627	6,049
Telephone	<u>18,143</u>	<u>18,342</u>	<u>-</u>	<u>-</u>	<u>18,143</u>	<u>18,342</u>
	<u>2,286,245</u>	<u>2,069,192</u>	<u>186,188</u>	<u>202,887</u>	<u>2,472,433</u>	<u>2,272,080</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>\$ (130,059)</u>	<u>\$ (20,580)</u>	<u>\$ 831,579</u>	<u>\$ (1,831)</u>	<u>\$ 701,520</u>	<u>\$ (22,411)</u>

CANADIAN BAPTISTS OF ATLANTIC CANADA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
CASH PROVIDED BY (USED IN)		
Operating activities		
Excess (deficiency) of revenue over expenditures	\$ 701,520	\$ (22,411)
Items not involving cash:		
Amortization of capital assets	<u>25,022</u>	<u>27,357</u>
	726,542	4,946
Changes in non-cash working capital balances:		
Accounts receivable	18,345	(163,678)
Accounts receivable from related organizations	4,207	6,028
Prepaid expenses	15,374	2,648
Accounts payable and accrued liabilities	(11,766)	(10,084)
Employee deductions payable	(2,679)	(611)
Distributions payable to agencies	48,698	(112,767)
Accounts payable to related organizations	8,737	16,253
Deferred revenue	<u>161,144</u>	<u>28,419</u>
	<u>968,602</u>	<u>(228,846)</u>
Investing activities		
Decrease (increase) in investments - restricted	(855,668)	(11,762)
Decrease (increase) in investments - unrestricted	(158,837)	(5,470)
Purchase of capital assets	<u>(3,706)</u>	<u>(11,412)</u>
	<u>(1,018,211)</u>	<u>(28,644)</u>
Financing activity		
Future employee benefits	<u>6,244</u>	<u>5,400</u>
DECREASE IN CASH	(43,365)	(252,090)
CASH AT BEGINNING OF YEAR	<u>471,429</u>	<u>723,519</u>
CASH AT END OF YEAR	<u>\$ 428,064</u>	<u>\$ 471,429</u>
REPRESENTED BY:		
Cash	\$ 277,626	\$ 296,902
Restricted cash	150,438	174,527
Bank indebtedness	<u>-</u>	<u>-</u>
	<u>\$ 428,064</u>	<u>\$ 471,429</u>
SUPPLEMENTARY CASH FLOW INFORMATION		
Interest received	<u>\$ 19,371</u>	<u>\$ 17,232</u>

CANADIAN BAPTISTS OF ATLANTIC CANADA

SCHEDULE OF UNRESTRICTED FUND OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2022

	General	Leadership Development	Executive Minister's Office and Communications	Youth and Family Ministries	Council and Committees	Administration	Leadership, Renewal and New Congregations	Justice & Advocacy	Intercultural Ministries	Clergy Formation & Wellness	Total 2022	Total 2021
REVENUE												
Administration fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,212	\$ -	\$ -	\$ -	\$ -	\$ 16,212	\$ 16,387
Canada Emergency Church and CBAC offerings (Note 7)	260,170	98,902	306,660	153,852	68,793	163,687	425,785	17,115	44,081	102,007	1,641,052	1,679,793
Conference and other revenue (Note 7)	78,397	700	410	68,424	3,760	58,967	23,945	4,448	-	20,609	259,660	146,555
Designated offerings	223,064	-	-	-	-	-	-	-	9,152	2,800	235,016	202,088
Interest and investment income	-	-	-	-	-	4,246	-	-	-	-	4,246	3,790
	<u>561,631</u>	<u>99,602</u>	<u>307,070</u>	<u>222,276</u>	<u>72,553</u>	<u>243,112</u>	<u>449,730</u>	<u>21,563</u>	<u>53,233</u>	<u>125,416</u>	<u>2,156,186</u>	<u>2,048,613</u>
Budget	<u>528,819</u>	<u>115,072</u>	<u>300,272</u>	<u>187,257</u>	<u>76,250</u>	<u>331,972</u>	<u>459,030</u>	<u>20,000</u>	<u>50,658</u>	<u>134,642</u>	<u>2,203,972</u>	<u>1,987,547</u>
EXPENDITURES												
Amortization	-	-	-	-	-	25,022	-	-	-	-	25,022	27,357
Bank charges and interest	-	-	-	-	-	4,050	-	-	-	-	4,050	3,671
Continuing education	-	-	503	1,120	1,470	20	476	179	-	2,859	6,627	3,191
Distributions to agencies (Note 7)	621,579	-	-	-	-	-	-	-	-	-	621,579	669,288
Grants and assistance	-	799	-	12,705	-	-	-	-	-	2,925	16,429	1,500
Insurance	-	-	-	-	10,243	12,289	-	-	-	-	22,532	25,806
Meetings and travel	-	16,237	21,023	12,093	26,520	3,654	44,133	5,618	4,752	5,380	139,410	57,379
Miscellaneous	-	2,498	4,000	-	-	3,830	-	167	-	279	10,774	2,443
Hurricane relief fund	-	-	-	-	-	34,500	-	-	-	-	34,500	-
Oasis	70,111	-	-	-	-	-	-	-	-	-	70,111	27,451
Occupancy costs (Notes 7, 8)	-	-	-	-	-	46,500	-	-	-	-	46,500	46,290
Office	-	-	232	450	-	4,458	1,079	-	19	506	6,744	7,367
Postage	-	192	6,996	112	-	6,967	-	-	-	-	14,267	11,005
Printing	-	-	-	63	-	3,662	-	-	237	-	3,962	3,525
Professional fees	-	-	-	-	17,459	-	-	-	-	-	17,459	27,783
Programs and materials	-	2,032	10,082	63,174	10,617	4,248	37,486	-	178	6,180	133,997	109,356
Salaries and benefits	-	77,225	261,031	130,625	6,244	75,541	362,496	15,599	47,708	106,043	1,082,512	1,021,390
Systems maintenance	-	-	841	-	-	10,754	-	-	-	32	11,627	6,049
Telephone	-	619	2,362	1,934	-	7,617	4,060	-	339	1,212	18,143	18,342
	<u>691,690</u>	<u>99,602</u>	<u>307,070</u>	<u>222,276</u>	<u>72,553</u>	<u>243,112</u>	<u>449,730</u>	<u>21,563</u>	<u>53,233</u>	<u>125,416</u>	<u>2,286,245</u>	<u>2,069,193</u>
Budget	<u>528,819</u>	<u>115,072</u>	<u>300,272</u>	<u>187,257</u>	<u>76,250</u>	<u>331,972</u>	<u>459,030</u>	<u>20,000</u>	<u>50,658</u>	<u>134,642</u>	<u>2,203,972</u>	<u>1,987,547</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>\$ (130,059)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (130,059)</u>	<u>\$ (20,580)</u>

CANADIAN BAPTISTS OF ATLANTIC CANADA
SCHEDULE OF RESTRICTED FUND OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Next Generation	December Communion	Hospital Halifax	Chaplaincy Saint John	Association Projects	Luke McLay Scholarship	Legacy	Preparing Future Pastors	Ministry Fund	Pastor Support Fund	Total 2022	Total 2021
REVENUE												
Church and CBAC offerings (Note 7)	-	-	-	-	17,818	-	-	-	-	-	17,818	50,309
Conference and other revenue	-	-	10,000	13,000	-	-	-	-	-	-	23,000	-
Designated offerings	-	9,469	62,926	39,427	-	-	-	250,000	-	600,000	961,822	137,304
Interest and investment income	<u>780</u>	<u>132</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>393</u>	<u>7,567</u>	<u>5,206</u>	<u>-</u>	<u>1,049</u>	<u>15,127</u>	<u>13,443</u>
	<u>780</u>	<u>9,601</u>	<u>72,926</u>	<u>52,427</u>	<u>17,818</u>	<u>393</u>	<u>7,567</u>	<u>255,206</u>	<u>-</u>	<u>601,049</u>	<u>1,017,767</u>	<u>201,056</u>
EXPENDITURES												
Grants and assistance	-	10,615	-	-	17,818	-	-	9,456	-	-	37,889	67,181
Meetings and travel	-	-	1,464	-	-	-	-	-	-	-	1,464	469
Miscellaneous	-	-	532	-	-	-	-	-	-	-	532	3,485
Salaries and benefits	<u>-</u>	<u>-</u>	<u>84,605</u>	<u>61,698</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>146,303</u>	<u>131,752</u>
	<u>-</u>	<u>10,615</u>	<u>86,601</u>	<u>61,698</u>	<u>17,818</u>	<u>-</u>	<u>-</u>	<u>9,456</u>	<u>-</u>	<u>-</u>	<u>186,188</u>	<u>202,887</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ 780	\$ (1,014)	\$ (13,675)	\$ (9,271)	\$ -	\$ 393	\$ 7,567	\$ 245,750	\$ -	\$ 601,049	\$ 831,579	\$ (1,831)
NET ASSETS AT BEGINNING OF YEAR	\$ <u>35,244</u>	\$ <u>55,258</u>	\$ <u>55,446</u>	\$ <u>27,408</u>	\$ <u>2,827</u>	\$ <u>17,182</u>	\$ <u>326,496</u>	\$ <u>219,700</u>	\$ <u>39,536</u>	\$ <u>-</u>	\$ <u>779,097</u>	\$ <u>780,928</u>
NET ASSETS AT END OF YEAR	\$ <u><u>36,024</u></u>	\$ <u><u>54,244</u></u>	\$ <u><u>41,771</u></u>	\$ <u><u>18,137</u></u>	\$ <u><u>2,827</u></u>	\$ <u><u>17,575</u></u>	\$ <u><u>334,063</u></u>	\$ <u><u>465,450</u></u>	\$ <u><u>39,536</u></u>	\$ <u><u>601,049</u></u>	\$ <u><u>1,610,676</u></u>	\$ <u><u>779,097</u></u>

CANADIAN BAPTISTS OF ATLANTIC CANADA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

1. PURPOSE OF THE ORGANIZATION

The Canadian Baptists of Atlantic Canada (the "organization") is a fellowship working through more than 400 local churches in Atlantic Canada. In 1905-1906, three streams of Atlantic Baptists came together to form the United Baptist Convention of the Maritime Provinces which became the United Baptist Convention of the Atlantic Provinces in 1963, the Convention of Atlantic Baptist Churches in 2001, and the Canadian Baptists of Atlantic Canada in 2017. Baptists are covenant people. Having received salvation and reconciliation through our Lord Jesus Christ, we are obliged as his followers to love one another and to unite joyfully with his church. Our union is voluntary, without coercion by the state or any ecclesiastical organization. We come together as equals, all under the Lordship of Jesus Christ. The purpose of the Canadian Baptists of Atlantic Canada is to challenge, inspire, equip and resource churches and organizations to "make disciples" of Jesus Christ. Our vision is to "inspire churches to be joining God in our neighbourhoods".

Financial contributions are received for distribution to approved international, national and local ministries. The organization is a registered charity and is thereby exempt from income tax as defined by Section 149(1)(f) of the Income Tax Act of Canada.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Restricted Funds

The organization has designated certain funding for special purposes and thus the financial statements have been presented in a manner which segregates operations according to their nature and purpose, as follows:

Next Generation Fund

The Next Generation Fund has been established to segregate revenue and expenditures for initiatives focused on the growth of Baptist churches for future generations.

December Communion Offering Fund

The December Communion Offering Fund has been established to provide financial assistance to pastors and spouses of deceased pastors.

(continues)

CANADIAN BAPTISTS OF ATLANTIC CANADA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Hospital Chaplaincy Funds

The Hospital Chaplaincy Funds have been established to segregate revenue and expenditures to maintain hospital chaplaincy services in Saint John and Halifax.

Association Projects Fund

The Association Projects Fund has been established to enable regional church associations to initiate local ministry projects. The fund received 3% (2021- 3%) of total church and CBAC offerings revenue of the organization.

Luke Timothy McLay Memorial Scholarship Fund

The Luke Timothy McLay Scholarship Fund has been established to award scholarships to students enrolled in any academic doctoral program in any discipline. The scholarships are to be awarded from the interest earned on the fund.

Legacy Fund

The Legacy Fund has been established by bequests from individuals. During the 2012 year, per a motion by Council, income earned will now be added into the Legacy Fund, with the valuation of the principal not to decrease below \$250,000 or increase above \$750,000. Use of the fund balance is reviewed annually and an allocation not to exceed 10% of the fund balance to the General Operating Fund may be set by Council. During the year, there was no amount (2021 - nil) allocated to the General Operating Fund.

Preparing Future Pastors Fund

The Preparing Future Pastors Fund has been established to provide financial assistance for 2nd and 3rd year Master of Divinity students at Acadia Divinity College who have been accepted as a candidate for Ordained Pastoral Ministry by the Board of Ministerial Standards of the organization.

Ministry Fund

The Ministry Fund has been established to assist in funding Youth and Family initiatives approved by the organization.

Pastor Support Fund

The Pastor Support Fund has been established to 'be a help to pastors', and is to be maintained as a perpetual endowment fund earning interest. Annually, the income can be allocated to the December Communion Offering Fund, or used towards other initiatives in support of pastors needing help financially, mentally, emotionally, spiritually, physically, educationally and developmentally.

Cash and Cash Equivalents

The organization considers cash on hand, short term deposits and balances with banks, net of overdrafts as cash or cash equivalents. Bank borrowings are considered to be financing activities.

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CANADIAN BAPTISTS OF ATLANTIC CANADA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments

Investments in deposit certificates held in the custody of the Atlantic Baptist Foundation are stated at cost which is equal to fair value.

Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization is being provided for using the following methods and rates:

Computer equipment	25.0%	straight-line
Equipment	10.0% to 15.0%	straight-line
Furniture and fixtures	20.0%	diminishing balance
Leasehold improvements	10.0%	straight-line

The organization regularly reviews its capital assets to eliminate obsolete items. Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Pass Through Funds

Grants are received and disbursed on behalf of a number of regional and national autonomous organizations. Excerpts from the audited financial statements for these organizations are reproduced in the annual year book of the organization.

Revenue Recognition

The organization follows the restricted fund method of accounting for contributions. Restricted contributions related to general operations are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue in the same period as the commitment to remit these funds is made by member congregations. Amounts received by the organization after year end but made from the current year's budget allocations of member congregations are recognized as church contributions receivable. Other revenues are recorded on an accrual basis.

Contributed Services

Volunteers contribute an undeterminable number of hours per year. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

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 excess (deficiency) of revenue over expenditures. 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.

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CANADIAN BAPTISTS OF ATLANTIC CANADA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 expenditures 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.

Significant estimates included in these financial statements are:

- the allowance for doubtful accounts;
- the estimated useful lives of assets;
- providing for amortization of capital assets;
- the recoverability of tangible assets;
- the recoverability of investments; and
- certain actuarial and economic assumptions used in determining future employee benefits.

3. FINANCIAL INSTRUMENTS

The organization 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 organization's risk exposure and concentration as of December 31, 2022.

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk mainly from member congregations. The organization maintains a provision for potential credit losses, and minimizes credit risk through ongoing credit management. The organization has a significant number of member congregations which minimizes concentration of credit risk.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its member congregations and other related sources, accounts payable and other obligations.

Currency Risk

Currency risk is the risk to the organization's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The organization is not exposed to foreign currency exchange risk as it does not hold foreign currency.

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CANADIAN BAPTISTS OF ATLANTIC CANADA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

3. FINANCIAL INSTRUMENTS *(continued)*

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 organization is exposed to interest rate risk through investments held in deposit certificates with the Atlantic Baptist Foundation.

4. ACCOUNTS RECEIVABLE

	<u>2022</u>	<u>2021</u>
Member congregations contributions receivable	\$ 375,595	\$ 394,126
HST refundable	11,577	14,446
Other	<u>7,848</u>	<u>4,793</u>
	<u>\$ 395,020</u>	<u>\$ 413,365</u>

5. INVESTMENTS

Investments are comprised of deposit certificates issued by the Atlantic Baptist Foundation as follows:

	<u>2022</u>		<u>2021</u>
	<u>Market Value</u>	<u>Cost</u>	<u>Cost</u>
<u>Restricted</u>			
December Communion Offering Fund	\$ 6,076	\$ 6,076	\$ 5,945
Legacy Fund	334,064	334,064	326,497
Luke Timothy McLay Memorial Scholarship Fund	17,576	17,576	17,183
Next Generation Fund	36,023	36,023	35,244
Preparing Future Pastors Fund	465,450	465,450	219,701
Pastor Support Fund	<u>601,049</u>	<u>601,049</u>	<u>-</u>
	1,460,238	1,460,238	604,570
Unrestricted Fund	<u>350,502</u>	<u>350,502</u>	<u>191,665</u>
	<u>\$ 1,810,740</u>	<u>\$ 1,810,740</u>	<u>\$ 796,235</u>

6. CAPITAL ASSETS

	<u>2022</u>		<u>2021</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>
Computer equipment	\$ 75,506	\$ 66,102	\$ 9,404
Equipment	13,406	10,769	2,637
Furniture and fixtures	62,900	40,096	22,804
Leasehold improvements	<u>100,697</u>	<u>44,336</u>	<u>56,361</u>
	<u>\$ 252,509</u>	<u>\$ 161,303</u>	<u>\$ 91,206</u>
			<u>\$ 112,522</u>

CANADIAN BAPTISTS OF ATLANTIC CANADA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

7. RELATED ORGANIZATION TRANSACTIONS

The accounts receivable from and accounts payable to related organizations, controlled by the organization by virtue of controlling the appointment of directors, are non-interest bearing, unsecured and have no set terms of repayment.

Church offerings and CBAC revenue are derived from member congregations.

The organization provides funding to a number of affiliated agencies and organizations. The amount of distributions and nature of the relationships with these agencies and organizations are as follows:

<u>Organization</u>	<u>Relationship</u>	<u>2022</u>	<u>2021</u>
Acadia Divinity College	Controlled	\$ 79,783	\$ 88,123
Crandall University	Controlled	81,091	88,218
Canadian Baptist Ministries (CBM)	Significant influence	219,748	258,826
Baptist Historical Committee	Controlled	12,000	10,000
Atlantic Baptist Mission Board	Controlled	224,849	218,746
Union of French Baptist Churches	Limited influence	<u>4,108</u>	<u>5,375</u>
		\$ <u>621,579</u>	\$ <u>669,288</u>

As at year end, \$24,990 (2021 - \$16,253) related to the above transactions was owing to Atlantic Baptist Mission Board and Pension and Benefits Board as well as \$89,723 (2021 - \$41,025) to the other organizations. The organization paid rent to Crandall University for office space in the amount of \$46,500 (2021 - \$46,290). These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The organization processes payroll and other expenditures on behalf of the Atlantic Baptist Mission Board and the Pension and Benefits Board which are charged to the organizations. As at year end, \$12,374 (2021 - \$16,581) was receivable from those organizations related to those expenditures.

Further financial information on the controlled organizations is presented within the year book of the organization.

8. COMMITMENTS

The organization leases office space from a related party which has been accounted for as an operating lease. The future minimum lease payment for the next year is:

2023	\$ 23,070
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