

**HARVEST BIBLE CHAPEL BARRIE**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

**(UNAUDITED)**

**SMITH, SYKES, LEEPER & TUNSTALL LLP**

**CHARTERED PROFESSIONAL ACCOUNTANTS**

**LICENSED PUBLIC ACCOUNTANTS**

**HARVEST BIBLE CHAPEL BARRIE**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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## **INDEPENDENT PRACTITIONERS' REVIEW ENGAGEMENT REPORT**

To the Directors of,  
Harvest Bible Chapel Barrie

We have reviewed the accompanying financial statements of Harvest Bible Chapel Barrie that comprise the balance sheet as at **December 31, 2022**, and the statement of receipts and disbursements, statement of changes in net assets and changes in 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.

### **Practitioners' 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 require 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 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 the financial statements.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Harvest Bible Chapel Barrie 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.

*Smith, Sykes, Leeper & Tunstall LLP*

**CHARTERED PROFESSIONAL ACCOUNTANTS**  
**Licensed Public Accountants**

Barrie, Ontario.  
June 6, 2023.

**HARVEST BIBLE CHAPEL BARRIE**  
(Incorporated Under the Laws of Ontario)  
**BALANCE SHEET**  
**DECEMBER 31, 2022**  
(UNAUDITED)

	<b>2022</b>	<b>2021</b>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 314,289	\$ 367,132
Internally restricted cash - Building Fund (Note 10)	260,961	37,249
Resource centre inventory	2,258	2,258
Prepaid expenses	23,293	16,197
HST recoverable	<u>23,297</u>	<u>23,761</u>
	<b>624,098</b>	<b>446,597</b>
Property, plant and equipment (Note 3)	5,506,220	5,710,962
	<b>\$ 6,130,318</b>	<b>\$ 6,157,559</b>
<b><u>LIABILITIES</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 64,140	\$ 78,800
Deferred contributions (Note 5)	109,068	51,158
Current portion of long-term debt (Note 6)	<u>148,087</u>	<u>158,260</u>
	<b>321,295</b>	<b>288,218</b>
Long-term debt (Note 6)	<u>2,747,184</u>	<u>2,574,341</u>
<b>TOTAL LIABILITIES</b>	<b>3,068,479</b>	<b>2,862,559</b>
Deferred capital contributions related to property, plant and equipment (Note 7)	1,670,745	1,883,463
<b><u>NET ASSETS</u></b>		
Invested in property, plant and equipment (Note 9)	1,391,368	1,608,722
Internally restricted - Building Fund	260,961	37,294
Unrestricted	<u>(261,235)</u>	<u>(234,479)</u>
	<b>1,391,094</b>	<b>1,411,537</b>
	<b>\$ 6,130,318</b>	<b>\$ 6,157,559</b>

Approved on Behalf of the Board,

\_\_\_\_\_, Director.

\_\_\_\_\_, Director.

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

**HARVEST BIBLE CHAPEL BARRIE  
STATEMENT OF RETAINED EARNINGS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(UNAUDITED)**

	2022			2021	
	Invested in property, plant and equipment	(Note 10) Internally Restricted	Unrestricted	Total	Total
Net assets, beginning of the year	\$ 1,608,722	\$ 37,294	\$ (234,479)	1,411,537	1,393,893
Deficiency of receipts over disbursements	(33,959)	2,978	\$ 10,538	(20,443)	17,644
Net change in investment in property, plant and equipment (Note 9)	(183,395)	0	183,395	0	0
Interfund transfers (Note 9)	0	220,689	(220,689)	0	0
<b>NET ASSETS, END OF THE YEAR</b>	<b>\$ 1,391,368</b>	<b>\$ 260,961</b>	<b>\$ (261,235)</b>	<b>\$ 1,391,094</b>	<b>\$ 1,411,537</b>

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

**HARVEST BIBLE CHAPEL BARRIE**  
**STATEMENT OF RECEIPTS AND DISBURSEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
(UNAUDITED)

	<b>2022</b>	<b>2021</b>
<b>RECEIPTS</b>		
General fund	\$ 1,650,266	\$ 1,488,580
Designated and other contributions	63,768	68,763
Interest and other income	7,485	3,936
	<b>1,721,519</b>	<b>1,561,279</b>
<b>DISBURSEMENTS</b>		
Compensation	957,501	839,191
Facilities	169,323	130,097
Operations	177,235	129,609
Interest on long-term debt	112,756	129,058
Ministry Partnership	106,575	128,436
Designated funds	59,196	60,469
Administration	69,175	40,308
Children and youth ministries (Note 8)	33,168	21,219
Adult ministries	36,212	20,012
Worship ministries	20,766	18,488
	<b>1,741,907</b>	<b>1,516,887</b>
Excess of (disbursements over receipts) receipts over disbursements	<b>(20,388)</b>	<b>44,392</b>
<b>OTHER ITEMS</b>		
Gain (loss) on the sale of property, plant and equipment	1,350	486
Amortization of deferred capital contributions	281,530	274,077
Amortization of property, plant and equipment	(315,489)	(326,597)
Government wage subsidies and grants	32,554	25,286
<b>NET CHANGE FROM OTHER ITEMS</b>	<b>(55)</b>	<b>(26,748)</b>
<b>DEFICIENCY OF RECEIPTS OVER DISBURSEMENTS</b>	<b>(20,443)</b>	<b>17,644</b>

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

**HARVEST BIBLE CHAPEL BARRIE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(UNAUDITED)**

	2022	2021
<b>CASH PROVIDED BY (USED FOR) OPERATIONS</b>		
Deficiency of receipts over disbursements for the year	\$ (20,443)	\$ 17,644
Items not requiring an outlay of cash:		
Amortization of property, plant and equipment	315,489	326,597
(Gain) on disposal of property, plant and equipment	(1,350)	(486)
Amortization of deferred capital contributions	<u>(281,530)</u>	<u>(274,077)</u>
	<b>12,166</b>	<b>69,678</b>
<b>Changes in operating working capital</b>		
Accounts receivable	0	19,558
Prepaid expenses	(7,096)	2,363
HST recoverable	464	(10,564)
Accounts payable and accrued expenses	(14,660)	15,486
Deferred contributions	57,910	11,503
Current portion of long-term debt	<u>(10,173)</u>	<u>(2,912,000)</u>
	<b>26,445</b>	<b>(2,873,654)</b>
<b>CASH PROVIDED BY (USED FOR) OPERATIONS</b>	<b>38,611</b>	<b>(2,803,976)</b>
<b>FINANCING</b>		
Increase in long term debt	172,843	2,236,341
Deferred capital contributions received	<u>68,812</u>	<u>135,726</u>
<b>CASH PROVIDED BY FINANCING</b>	<b>241,655</b>	<b>2,372,067</b>
<b>INVESTING</b>		
Additions to property, plant and equipment	(110,747)	(152,196)
Proceeds on disposal of property, plant and equipment	<u>1,350</u>	<u>2,266</u>
<b>CASH (USED FOR) INVESTING</b>	<b>(109,397)</b>	<b>(149,930)</b>
<b>NET CHANGE IN CASH POSITION</b>	<b>170,869</b>	<b>(581,839)</b>
Cash position, beginning of the year	404,381	986,220
<b>CASH POSITION, END OF THE YEAR</b>	<b>\$ 575,250</b>	<b>\$ 404,381</b>
<b><u>SUPPLEMENTAL CASH FLOW INFORMATION:</u></b>		
Cash position represented by:		
Cash	\$ 314,289	\$ 367,132
Restricted cash	<u>260,961</u>	<u>37,249</u>
	<b>575,250</b>	<b>404,381</b>

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

**HARVEST BIBLE CHAPEL BARRIE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**  
**(UNAUDITED)**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations (ASNPO) and include the following significant accounting policies:

**General -**

Harvest Bible Chapel Barrie operates a Church incorporated under the laws of the Province of Ontario March 9, 2016, and is registered as a charitable organization under the Income Tax Act. The Church is not subject to income taxes and is prohibited from distributing any of its surplus to or for the personal benefit of its members.

**Use of estimates -**

The preparation of the financial statements in conformity with Canadian Accounting Standards for Not-For-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the estimated useful lives of property, plant and equipment (including deferred capital contributions); and the valuation allowances for accounts receivable. Actual results could differ from those estimates.

**Cash -**

Cash includes highly liquid investments

**Resource centre inventory -**

Resource centre inventory is stated at the lower of cost and market value. Market value is considered the replacement value or estimated realizable value, whichever is lower.

**Financial instruments -**

The Church initially measures its financial assets and liabilities at fair value. The Church subsequently measures all its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in net income. Financial assets and liabilities measured at amortized cost include cash, restricted cash, accounts receivable, HST recoverable, accounts payable, accrued expenses and long-term debt. The Church's financial instruments subsequently measured at fair value include cash denominated in a foreign currency.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of any write-down is recognized in net income. Any previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. Any reversal is recognized in net income. There are no impairments in the current year.



**HARVEST BIBLE CHAPEL BARRIE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue recognition -**

The Church follows the deferral method of accounting for donations.

- Unrestricted donations are recognized as revenue when received.
- Externally restricted donations are deferred and taken into revenue when the the funds are spent.
- Donations restricted for the purchase of capital assets are deferred and amortized into revenue at an amount equal to the amortization of that group of capital assets.
- Externally restricted donations used to purchase land are recorded as a direct increase in net assets invested in capital assets.
- Donated equipment and supplies are only recorded as revenue when the estimated fair market value of the items donated can be supported within the policy set out by the Charities Directorate of the Canada Revenue Agency.

Resource centre income comprises mainly of book sales and is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured and when the risks and rewards of ownership have been transferred to the purchaser. The resource centre was closed in the past year with no activity. Inventory is still held in anticipation of reopening at a later date.

Interest income is recognized as revenue is earned and collection is reasonably assured.

**Contributed services -**

Volunteers contribute many hours each year to assist the Organization in carrying out its activities. Because of the difficulty of determining its fair value, contributed services are not recognized in the financial statements.

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**HARVEST BIBLE CHAPEL BARRIE**  
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**2. FINANCIAL RISK AND CONCENTRATION OF RISK**

The Church is exposed to the following risks related to its financial assets and liabilities:

**Credit risk -**

Credit risk arises from the possibility that the entities from which the Church receives funds may experience financial difficulty and be unable to fulfil their contractual obligations. The Church's main credit risks relate to accounts receivable which are due from the Canada Revenue Agency regarding HST rebates and amounts due from related parties. The Church does not provide credit in the normal course of business. Management is of the opinion that credit risk is not a significant risk and there has been no change in the risk exposure from 2021.

**Liquidity risk -**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Church is exposed to this risk mainly in respect of its long-term debt, accounts payable and accrued expenses. The Church expects to meet these obligations as they come due by generating sufficient cash flow from operations. There risk exposure has increased from 2021 due to an increase in long-term debt.

**Market risk -**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk.

**Foreign currency risk -**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Unfavourable changes in the applicable exchange rate may result in a decrease in any foreign exchange gain or an increase in any foreign exchange loss. The Church is exposed to foreign currency risk as industry related supplies may only be available from foreign vendors. There has been no change to the risk exposures from 2021.

The Organization does not use derivative instruments to reduce its exposure to foreign currency risk.

**Interest rate risk -**

Interest rate risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market interest rates. Management is of the opinion that interest rate risk is not a significant risk. The risk exposure from 2021 has increased due to the increase in long-term debt.

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**HARVEST BIBLE CHAPEL BARRIE**  
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**2. FINANCIAL RISK AND CONCENTRATION OF RISK (CONTINUED)**

**Other price risk -**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Management is of the opinion that the Church is not exposed to significant other price risk. There has been no change in the risk exposure from 2021.

**3. PROPERTY, PLANT AND EQUIPMENT**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2022</u>	<u>Net 2021</u>
Buildings	\$ 5,791,775	\$ 1,694,475	\$ 4,097,300	\$ 4,358,830
Computer equipment	148,753	135,404	13,349	10,803
Land	1,140,945	0	1,140,945	1,140,945
Equipment	<u>694,500</u>	<u>439,874</u>	<u>254,626</u>	<u>200,384</u>
	<u>\$ 7,775,973</u>	<u>\$ 2,269,753</u>	<u>\$ 5,506,220</u>	<u>\$ 5,710,962</u>

Property, plant and equipment is recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

Buildings	- 6% declining balance
Computer equipment	- 55% declining balance
Equipment	- 20% declining balance

**4. CREDIT FACILITY**

The Church has an revolving demand facility available in the amount of \$25,000. The overdraft bears interest at the RBC prime rate plus 1.10%. Interest is charged monthly on the amount of the line of credit in use by the Church. The facility is unused at year-end and the credit available is \$25,000.

**HARVEST BIBLE CHAPEL BARRIE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**5. DEFERRED CONTRIBUTIONS**

The deferred contributions funds that were received but have not been disbursed for the designated purpose. These funds consist of the following:

	<u>2022</u>	<u>2021</u>
Cove Youth Initiative	0	355
Hope Fund	\$ 25,932	\$ 15,817
International Pastor Training	0	4,217
Alliston Church Plant	38,018	31,124
Year-end Campaign	34,516	0
Sojourn Church, and miscellaneous	<u>10,602</u>	<u>0</u>
	<u>\$ 109,068</u>	<u>\$ 51,513</u>

**6. LONG-TERM DEBT**

The long-term debt consists of the following:

	<u>2022</u>	<u>2021</u>
First mortgage, Christian Stewardship Services, bearing interest at 5.00% per annum, repayable in monthly principal and interest payments of \$7,270, secured by the land and building with a carrying value of \$5,238,245, matured April 30, 2022.	\$ 0	\$ 1,106,320
First Mortgage bearing interest at 5.00% per annum, repayable in monthly principal and interest payments of \$7,270, secured by the land and building with a carrying value of \$5,238,245, matured August, 2022.	0	1,112,457
RBC Mortgage bearing interest at 3.50% per annum, repayable in monthly principal and interest payments of \$14,952, secured by the land and building with a carrying value of \$5,238,245, due April, 2027.	2,444,107	0

**HARVEST BIBLE CHAPEL BARRIE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**6. LONG-TERM DEBT (CONTINUED)**

Regular Harvest Bonds issued in denominations of \$5,000 and \$10,000. Bonds have maturity terms of 3 year and 4 years bearing interest at 3.5% and 3.25% per annum respectively, interest for the current year is forfeited if bond is cashed in by owner prior to anniversary date. 30 days notice is required from bond owner to redeem any bonds prior to maturity date. Harvest Bible Chapel Barrie has sole discretion to pay back the bonds at any time, without accumulated interest.

22,750                      180,825

Compound Harvest Bonds issued in denominations of \$1,000, \$5,000, \$10,000, \$25,000 and \$50,000. Bonds have maturity terms from 2 years to 5 years bearing compound interest accumulated monthly and rolled into the next year's term, at 2.5%, 2.75%, 3.00%, 3.25% and 3.5% per annum respectively, interest for the current year is forfeited if bond is cashed in by owner prior to anniversary date. 30 days notice is required from bond owner to redeem any bonds prior to maturity date. Harvest Bible Chapel Barrie has sole discretion to pay back the bonds at any time, without accumulated interest.

428,414                      333,000

2,895,271                      2,732,602

Less: current portion

148,087                      158,260

\$ 2,747,184                      \$ 2,574,342

During the year, the Church refinanced with a mortgage from RBC in the amount of \$2,500,000. Existing loans from Christian Stewardship Services and Stewards Canada were paid down as of April 11, 2022.

The minimum annual payments over the next five years with respect to the long-term debt are as follows:

2023	\$ 148,087
2024	102,926
2025	281,440
2026	287,084
2027	101,289
Subsequent	<u>1,974,445</u>
	<u>\$ 2,895,271</u>

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**HARVEST BIBLE CHAPEL BARRIE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**7. DEFERRED CAPITAL CONTRIBUTIONS**

Deferred contributions include unamortized portions of restricted contributions used to purchase capital assets. These amounts are being amortized on the same basis as the capital assets to which they relate. The changes for the year are as follows:

	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 1,883,463	\$ 2,021,814
Amount transferred from deferred contributions	68,812	135,726
Amortization of deferred capital contributions	<u>(281,530)</u>	<u>(274,077)</u>
	<u>\$ 1,670,745</u>	<u>\$ 1,883,463</u>

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**8. RECEIPTS AND DISBURSEMENTS SHOWN NET**

Included in children and youth ministries is the net (cost) of the High Five Day Camp and the Awana program. The following are the gross amounts for the related items.

	<u>2022</u>	<u>2021</u>
Gross receipts	\$ 63,797	\$ 32,005
Disbursements	<u>48,806</u>	<u>23,281</u>
Net recovery (cost)	<u>\$ 14,991</u>	<u>\$ 8,724</u>

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**HARVEST BIBLE CHAPEL BARRIE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**  
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**9. NET ASSETS INVESTED IN PROPERTY, PLANT AND EQUIPMENT**

The net assets invested in property, plant and equipment consists of the following:

	<u>2022</u>	<u>2021</u>
Net book value of property, plant and equipment	\$ 5,506,220	\$ 5,710,962
Long-term debt on property, plant and equipment	(2,444,107)	(2,218,777)
Unamortized deferred contributions	<u>(1,670,745)</u>	<u>(1,883,463)</u>
Net assets invested in property, plant and equipment	<u>\$ 1,391,368</u>	<u>\$ 1,608,722</u>

Excess of (disbursements over receipts) receipts over disbursements:

Amortization of property, plant and equipment	\$ (315,489)	\$ (326,597)
Amortization of deferred capital contributions	<u>281,530</u>	<u>274,077</u>
	<u>\$ (33,959)</u>	<u>\$ (52,520)</u>

The changes in net assets invested in property, plant and equipment is calculated as follows:

Purchase of property, plant and equipment	\$ 110,747	\$ 152,196
Disposal of capital assets	5	(1,775)
Deferred capital contributions received	(68,812)	(135,726)
Net debt payments from operations	<u>(225,335)</u>	<u>770,483</u>
Change in net assets invested in property, plant and equipment	<u>\$ (183,395)</u>	<u>\$ 785,178</u>

**10. INTERNALLY RESTRICTED - BUILDING FUND**

The Church has restricted funds for future building expenditures. Currently funds are set aside for the Building Fund. Cash has been restricted for this purpose as follows:

Internally restricted net assets - Building Fund	<u>260,961</u>	<u>37,294</u>
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