

**SOUTH DELTA BAPTIST CHURCH
ANNUAL GENERAL MEETING**

Tuesday, April 28, 2020
7PM in Fellowship Hall

AGENDA

1. Songs of Praise
2. Approval of Agenda – Ken Wright
3. Approval of Minutes
 - a. Extraordinary General Meeting – November 26, 2019
4. SDBC Membership Requirements – David van Til
 - *Special Resolution
5. Report of the Nominating Committee – Greg Hislop
 - a. Election of Recommended Elders
 - *Special Resolution
 - b. Election of Moderator
6. Election of 2020 – 2021 Nominating Committee
7. 2020 Bylaw Update – Peter Grierson
 - *Special Resolution
8. Audit Committee Report – David van Til
9. Appointment of Auditor – David van Til
10. YTD Financial Report – Jordan Scott
11. Elder Board Report – David van Til
12. Lead Pastor Report – Paul Park
13. Motion to Adjourn

SOUTH DELTA BAPTIST CHURCH
Extraordinary General Meeting
Tuesday, November 26th, 2019 – 7PM

Draft Minutes - SDBC 2019 Annual Business Meeting

Date: Tuesday November 26, 2019

Time: 7PM

Location: SDBC Chapel Room

Call to Order:

Moderator, Ken Wright, called the meeting to order at 7:03PM

Appointment of Scrutineer

The Chair appointed Steve Whitelaw, Linda Whitelaw, and June Haley as scrutineers.

Establishing of a Quorum

Membership List: 381

Quorum (10%): 39

Members Present: 70

Approval of the Agenda

MOTION: Moved by Eric Tegelberg and seconded by Dayle Krahn that the Agenda be adopted as presented. **CARRIED.**

Worship

Jayson Oldham and Jason Uher led the members in three songs of worship.

Approval of the Minutes of the 2019 AGM

MOTION: Moved by Peter Grierson and seconded by Phil Cox that the minutes of the April 9, 2019 Annual General Meeting be approved as distributed. **CARRIED.**

Financial Update - Pastor Jordan Scott

Report received and filed for audit.

Pastor Jordan updated the membership on the current state of the church's finances heading into the final month of the year. There were no questions from the members.

2020 Budget Presentation - Pastor Jordan Scott

Pastor Jordan gave an overview of the proposed 2019 Budget highlighting how the SDBC's Mission and Vision relate to the proposed budget.

Pastor Jordan responded to questions from the members.

MOTION: Moved by Pastor Jordan Scott and seconded by Wayne Connorton that the SDBC 2020 Budget be approved by the members as presented. **CARRIED.**

Elders Update - Dave Van Til

Report accepted as presented.

Dave provided a high-level overview of the Board's perspective on some current church matters. He emphasized how encouraged he is by the current state of affairs.

Peter Grierson was called upon to inform the membership of the recent work of the Bylaws Review Committee including the scope of the Committee's work and a timeline going forward which will involve significant engagement with the membership.

Dave followed up with preliminary information for the members that they will be engaged in a process to review our church's membership requirements beginning with a townhall meeting in January 2020.

Lead Pastor's Report - Pastor Paul Park

Report accepted as presented.

Paul expressed gratitude for many things relating to our church family.

Paul announced the hiring of Jayson Oldham as Director of Worship Arts. Gatlin led in a prayer of blessing over him.

Paul also informed the members of Kyle McDonald's resignation effective Dec. 5, 2019.

Adjournment

MOTION: Moved by Dayle Krahm and seconded by Dave Dobson that the meeting be adjourned at 8:17PM.

A time of corporate prayer took place to end the evening with Pastor Jordan closing in prayer.

RECOMMENDATION FORM

SPECIAL RESOLUTION ON MEMBERSHIP REQUIREMENTS

NAME OF COMMITTEE: Elder Board

DATE OF MEETING: April 28, 2020

PRESENTED BY: David Van Til, Board-Chair

CONSIDERATION:

On April 23, 2015, a Study Team, on behalf of the National Fellowship, published a paper called *Considerations for the Baptism and Membership Issue in Fellowship Baptist Churches*. Two members of this study team were Larry Perkins of Northwest Seminary and Paul Johnson who was the Lead Pastor at SDBC at the time. The theme of the paper was around the question of “*is baptism by immersion a biblical condition of membership?*”. This began many conversations within Fellowship Churches and the fellowship

At SDBC, we hosted two Town Halls specifically on this subject. We had Brent Chapman, Larry Perkins, Gerard van Dop, and Paul Park all share and teach about baptism and the relationship to requirements for local church membership, emphasizing our strong commitment to immersion as our only practice at South Delta Baptist Church. Following these meetings and many discussions with staff and the board, the Board of Elders presents the following proposed membership requirements update.

RECOMMENDATION:

As recommended by the Elders and Pastors of SDBC, that the wording of the membership pre-requisite relating to baptism be amended to accommodate membership candidates who were baptized by modes other than immersion.

Article 2.2(a) of the SDBC Bylaws will now read:

“acknowledge the Lordship of Jesus Christ, have expressed agreement with the Statement of Beliefs of the Church, and **experienced believers’ baptism by immersion or in a manner satisfactory to the Elected Elders;**”

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RECOMMENDATION FORM

ELDERS

NAME OF COMMITTEE: Nominating Committee

DATE OF MEETING: April 28, 2020

PRESENTED BY: Greg Hislop, Committee chair

CONSIDERATION:

The Nominating Committee is tasked with seeking out, evaluating, and recommending to the congregation candidates for Elder and Moderator. The committee is comprised of seven members, three of which are appointed by the Elected Elders and four of which are elected by the members present at a general meeting. The Nominating Committee is recommending two candidates for Elected Elder for a three-year term commencing at the close of the 2020 AGM.

RECOMMENDATION:

As recommended by the Nominating Committee, that Jason Uher and Josh Dyck be affirmed as Elected Elders of South Delta Baptist Church for a three-year term commencing at the close of the 2020 AGM.

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JOSHUA DYCK



Josh grew up in Tsawwassen attending South Delta Baptist Church. After high school, Josh moved to Saskatchewan to complete his BA in Business Administration at Briercrest College and Seminary. He and his wife, Megan, then spent a few years living in Regina as he began his career working in financial advising. Josh worked at a chartered bank before moving back to BC with Megan and their two children, Lyndon (5) and Hannah (3), to join Assante Wealth Management in 2015.

Josh currently serves on the Men's Ministry committee, the finance committee, and volunteers at the Connect Desk while Megan volunteers at "the bus" in children's ministry here at SDBC.

In his free time, Josh enjoys being active in sports and spending time with his family.

JASON UHER



Jason was born and raised in the Lower Mainland and grew up attending Glad Tidings Church and Port Moody Pentecostal Church for youth group and teen ministries. He is married to Suzanne and they have two daughters, Mary and Abigail.

Jason was most recently part of World Harvest Church, located in Richmond, for 21 years, and during that time was involved in various leadership roles and positions. He met Suzanne there and together, many years were spent leading and teaching in children's ministry along with always being a part of the music ministry team.

Jason and Suzanne attend a community group on Tuesday evenings and he can be found quite often ministering with the music team on Sunday mornings at SDBC where he has a great passion to see people connect with the Lord through music. He loves to see people live out their passion and calling.

In his free time, Jason enjoys playing and writing music, woodworking, hanging out with family and friends, and enjoying summer sunsets at the beach in Point Roberts.

Jason is currently the Maintenance Supervisor at the Coca-Cola Canada Richmond Production Facility, enjoying all the challenges that the position brings.

RECOMMENDATION FORM

SPECIAL RESOLUTION ON NUMBER OF ELECTED ELDERS

NAME OF COMMITTEE: Nominating Committee

DATE OF MEETING: April 28, 2020

PRESENTED BY: Greg Hislop, Committee chair

CONSIDERATION:

The Nominating Committee has been diligently working to find Elder candidates to fill vacancies on the Board effective the 2020 AGM. As we approach the meeting, the committee has found two candidates, but one vacancy remains.

The Church's bylaws have anticipated such a situation and include a provision in **Article 5 – Elected Elders** that permits the Board to operate with fewer than nine members.

Excerpt from SDBC Bylaws (bold print for clarity only):

*Elected Elders will serve for a term of three years. The number of Elected Elders shall be 9 **or such other number determined from time to time at a general meeting.** The nominees for election as an Elected Elder shall be selected by a nominating committee comprised of seven members, three of which are appointed by the Elected Elders and four of which are elected by the members present at a general meeting.*

RECOMMENDATION:

That the South Delta Baptist Church Board of Elders is permitted to operate with eight members until the 2021 Annual General Meeting or a suitable candidate is added to the Board through normal processes.

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RECOMMENDATION FORM

MODERATOR ROLE

NAME OF COMMITTEE: Nominating Committee

DATE OF MEETING: April 28, 2020

PRESENTED BY: Greg Hislop, Committee Chair

CONSIDERATION:

The Nominating Committee is also tasked with recommending to the congregation a candidate for Moderator for a one-year term commencing at the close of the 2020 AGM.

RECOMMENDATION:

As recommended by the Nominating Committee, that Ken Wright be affirmed as Moderator of South Delta Baptist Church for a one-year term commencing at the close of the 2020 AGM.

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RECOMMENDATION FORM

SPECIAL RESOLUTION ON UPDATED BYLAWS

NAME OF COMMITTEE: Elder Board

DATE OF MEETING: April 28, 2020

PRESENTED BY: Peter Grierson, Vice-Chair

CONSIDERATION:

In November 2016 the Province of British Columbia enacted an updated Societies Act governing the affairs of all societies (not for profit corporations) in BC. South Delta Baptist Church, with the help from Fellowship Pacific, were able to amend our existing Bylaws and Constitution without requiring member approval and remain compliant. At this time the Elders agreed that a comprehensive review of SDBC's bylaws would be a worthy exercise.

In June 2019, the Elder Board established a sub-committee with the goal of revising and presenting updated bylaws to the South Delta Baptist Church membership. In the months that followed, the committee spent countless hours reviewing, proposing and revising the SDBC Bylaw document. In January 2020 the revised Bylaws were socialized with SDBC members and congregants thru town hall meetings and other discussions. On April 1, 2020 the proposed bylaw document was published in its final form along with a list of changes made from the January version.

The Board of Elders presents these updated Bylaws to the membership for approval in their entirety. In respect of the time and effort spent to craft this document the Board has requested that the Moderator not entertain amendments to the document at the AGM. One exception will be made to this request, the document has anticipated a positive outcome to the proposed membership requirements update. Should this motion fail to pass at the AGM the Elder Board will propose an amendment to the Proposed Bylaw Document to align with the members' decision in this matter.

RECOMMENDATION:

As recommended by the Elders of SDBC, that the revised bylaw document, as published April 1, 2020, be adopted by the members of SDBC, replacing all previous Bylaws. Implementation of the revised bylaws to be subject to their acceptance and registration with the Government of British Columbia.

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RECOMMENDATION FORM

APPOINTMENT OF AUDITOR

NAME OF COMMITTEE: Elder Board

DATE OF MEETING: April 28, 2020

PRESENTED BY: David van Til

CONSIDERATION:

In order to verify the finances of South Delta Baptist Church are being managed appropriately and transparently, an independent financial audit is conducted annually.

RECOMMENDATION:

That the firm of Cran and Company be appointed as auditors for South Delta Baptist Church for the fiscal year 2020.

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South Delta Baptist Church
FINANCIAL STATEMENTS

December 31, 2019

SOUTH DELTA BAPTIST CHURCH

December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Members of South Delta Baptist Church

Qualified Opinion

I have audited the financial statements of South Delta Baptist Church (the Church), which comprise the statement of financial position as at December 31, 2019, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effects of the matter described in the Basis of Qualified Opinion section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of South Delta Baptist Church as at December 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-profit Organizations (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Church derives revenue from offerings and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the Church. Therefore, we were unable to determine whether any adjustments might be necessary to donation receipts, excess receipts over disbursements, and cash flows from operations for the years ended December 31, 2019 and December 31, 2018, current assets and net assets as at December 31, 2019 and December 31, 2018. My audit opinion on the financial statements for the year ended December 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Church in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

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 Canadian 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 Church'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 Church or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Church's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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.

209 - 4840 Delta St, Delta BC V4K 2T6 604.946.9118 cranandco.com

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Church'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 Church's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My 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 Church 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.

I 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 I identify during my audit.

Report on Other Legal and Regulatory Requirements

As required by communication with those charged with governance and with the BC Societies Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Delta, B.C.
March 18, 2020



CHARTERED PROFESSIONAL ACCOUNTANT

SOUTH DELTA BAPTIST CHURCH

STATEMENT OF FINANCIAL POSITION As at December 31, 2019

	<u>General Fund</u>	<u>Designated Fund</u> (note 9)	<u>2019 Total</u>	<u>2018 Total</u>
ASSETS				
CURRENT ASSETS				
Cash	\$ 371,189	\$ -	\$ 371,189	\$ 392,980
Term deposits (note 5)	91,737	-	91,737	89,441
Restricted cash (note 9)	-	111,680	111,680	52,820
Pastoral Mortgage Assistance Loan (note 6, 9)	-	150,000	150,000	150,000
Accounts receivable	1,405	-	1,405	-
Gift card inventory	5,645	-	5,645	7,640
GST recoverable	2,691	-	2,691	2,633
Prepaid insurance	24,146	-	24,146	22,225
TOTAL CURRENT ASSETS	496,813	261,680	758,493	717,739
CAPITAL ASSETS (note 7)	1,720,736	-	1,720,736	1,823,197
TOTAL ASSETS	\$ 2,217,549	\$ 261,680	\$ 2,479,229	\$ 2,540,936

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

SOUTH DELTA BAPTIST CHURCH

STATEMENT OF FINANCIAL POSITION

As at December 31, 2019

	General Fund	Designated Fund (note 9)	2019 Total	2018 Total
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 14,275	\$ -	\$ 14,275	\$ 15,220
Payroll remittances payable	13,928	-	13,928	12,496
Other payroll liabilities	1,705	-	1,705	6,293
TOTAL CURRENT LIABILITIES	29,908	-	29,908	34,009
DEFERRED REVENUE (note 8)	72,548	261,680	334,228	299,760
TOTAL LIABILITIES	102,456	261,680	364,136	333,769
NET ASSETS				
Invested in capital assets	1,720,736	-	1,720,736	1,823,197
Internally restricted (notes 2d and 10)	216,655	-	216,655	178,988
Unrestricted	177,702	-	177,702	152,162
TOTAL NET ASSETS	2,115,093	-	2,115,093	2,154,347
TOTAL LIABILITIES AND NET ASSETS	\$ 2,217,549	\$ 261,680	\$ 2,479,229	\$ 2,488,116

APPROVED BY THE BOARD:

_____ Director

_____ Director

SOUTH DELTA BAPTIST CHURCH

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS For the year ended December 31, 2019

	<u>General Fund</u>	<u>Designated Fund</u> (note 9)	<u>2019 Total</u>	<u>2018 Total</u>
REVENUE				
Tithes and offerings	\$ 1,043,301	\$ -	\$ 1,043,301	\$ 1,097,466
Tithes and offerings - designated (note 9)	-	73,626	73,626	62,428
Facility rental	68,203	-	68,203	88,604
In kind donations	8,649	-	8,649	4,488
Other income	2,854	-	2,854	1,367
Preschool net income (Schedule I)	15,775	-	15,775	1,009
	1,138,782	73,626	1,212,408	1,255,362
EXPENSES				
Administration and salaries (Schedule II)	762,135	-	762,135	836,797
Communications	8,870	-	8,870	3,850
Catering and hospitality (note 2i)	13,560	-	13,560	6,204
Children and adult ministries (Schedule II)	18,441	-	18,441	9,269
Designated expenses	-	71,269	71,269	63,878
Facility care and maintenance (Schedule II)	125,704	-	125,704	129,839
FEBPAC	15,000	-	15,000	11,136
Missions (Schedule II)	104,101	-	104,101	117,439
Pastoral care and leadership (Schedule II)	22,691	-	22,691	36,962
Worship arts (Schedule II)	14,861	-	14,861	9,771
Youth and young adults (Schedule II)	5,517	-	5,517	8,311
	1,090,880	71,269	1,162,149	1,233,456
Excess of revenue over expenses before other items	47,902	2,357	50,259	21,906
Parking lease revenue (note 8)	23,000	-	23,000	23,000
Amortization	(112,513)	-	(112,513)	(123,605)
Interfund transfers (note 9)	2,357	(2,357)	-	-
(Deficiency) of revenue over expenses	(39,254)	-	(39,254)	(78,699)
Net assets, beginning of year	2,154,347	-	2,154,347	2,233,049
Net assets, end of year	\$ 2,115,093	\$ -	\$ 2,115,093	\$ 2,154,347

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

SOUTH DELTA BAPTIST CHURCH

STATEMENT OF CASH FLOWS **For the year ended December 31, 2019**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts	\$ 1,268,413	\$ 1,111,718
Cash paid for expenses	(1,166,176)	(1,234,550)
	102,237	(122,832)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of capital assets	(10,052)	(22,741)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	92,185	(145,573)
CASH AND CASH EQUIVALENTS, beginning of year	482,421	627,994
CASH AND CASH EQUIVALENTS, end of year	\$ 574,606	\$ 482,421
CASH AND CASH EQUIVALENTS, represented by		
Cash	\$ 371,189	\$ 340,160
Term deposits	91,737	89,441
Restricted cash	111,680	52,820
	\$ 574,606	\$ 482,421

SOUTH DELTA BAPTIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

1. PURPOSE OF THE ORGANIZATION

South Delta Baptist Church ("the Church", "SDBC") was incorporated on December 24, 1984 under the British Columbia Societies Act as a not-for-profit organization, and is a registered charity and a non-taxable entity under the Income Tax Act.

The purposes of the Church are:

- (a) To glorify God in teaching, worship and fellowship. The Society commits to make disciples of our Lord Jesus Christ and dedicate its spiritual and physical resources to reach a needy world.
- (b) To operate for the purpose of being a local body of Christian believers who present a Biblical, Christian ministry of the Gospel, hope, encouragement and strength to as many people as possible, both locally and worldwide;
- (c) To contribute to and support charitable organizations which carry out programs, projects or activities that, in the opinion of the directors of the Society, bring the message of Christ to the world.
- (d) To enter into agency or other arrangements for cooperation, joint venture or otherwise, with any other charitable entity, non-profit organization, society or national or international agencies carrying on or engaged in or about to carry on or engage in any activity capable of being conducted so as directly or indirectly to further the purposes of the Society;

2. SIGNIFICANT ACCOUNTING POLICIES

a) Accounting principles

The Church prepares its financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

b) Cash and cash equivalents

Cash and cash equivalents include bank balances and highly liquid investments readily convertible to known amounts of cash and are subject to an insignificant change in value.

c) Revenue recognition

The Church follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the period in which the related expenditures 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. Gifts in kind are recognized as revenue at fair market value.

Investment income is recognized as revenue when earned.

SOUTH DELTA BAPTIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Basis of presentation

The financial statements include the General Fund, Internally Restricted Fund, and Designated Fund.

The General Fund accounts for the organization's program delivery and administrative activities. This fund reports unrestricted and internally restricted resources, and the assets, liabilities, revenues and expenses related to the organization's capital assets.

The Internally Restricted Fund, within the General Fund, represents funds available for emergency, program enhancement or other purposes approved by SDBC Members from time to time. Such approval comes in the form of a members-only vote following two successive Sundays notice of the said vote.

The Designated Fund includes funds that are approved by the Board of Elders, such as pastoral mortgage assistance and missions projects. These are externally restricted funds. The use of these funds is restricted to their designation.

e) Use of estimates

The preparation of financial statements in accordance 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 reporting date and the reported amounts of receipts and disbursements for the reporting period. Actual results could differ from these estimates. Significant financial statement items that require the use of estimates are as follows: amount of accrued liabilities, and the useful life of capital assets. These estimates are reviewed periodically and adjustments are made, as appropriate, in the statement of operations and changes in net assets in the year they become known.

f) Capital assets

Capital asset purchases are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Purchases with cost less than \$1,000 are expensed in the year of acquisition. Amortization is provided annually at rates calculated to write off the assets over their estimated useful lives as follows. Additions during the current year are amortized at one-half their normal rates, and no amortization is taken in the year of disposition.

Furniture and equipment	20% declining balance
Computer hardware	30% declining balance
Paving	8% declining balance
Vehicles	30% declining balance
Building	4% declining balance

g) Donated services

The Church and its members benefit greatly from donated services in the form of volunteer time. Because of the difficulty in determining their fair value, the value of donated services is not recognized in these financial statements.

h) Gifts in kind

The Church is from time to time the beneficiary of goods and securities gifted to it by its members. Gifts of goods and securities are reported, when they are received, at their fair market value.

SOUTH DELTA BAPTIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Expenses

The Church reports catering and hospitality expense, children and adult ministries expense, and youth and young adults expense balances net of reimbursements received from the participants.

j) Foreign currency transactions

Foreign currency transactions are reported using the temporal method under which: monetary items are translated at the rate of exchange in effect at the balance sheet date; revenue and expense items are translated at the rate of exchange in effect on the dates they occur.

3. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

The Church uses risk management to monitor and manage its risk arising from financial instruments. These risks include credit risk, interest rate risk, liquidity risk and market risk.

The Church does not use any derivative financial instruments to mitigate these risks.

Credit risk

Credit risks arise from three sources: cash and cash equivalents, accounts receivable, and term deposits. Cash and cash equivalents are deposited with reputable, major financial institutions to limit the credit risk exposure. The credit risk from customers not paying accounts receivable is not considered to be significant. The pastoral mortgage has a signed agreement in place to be repaid within 180 days of employment termination. The term deposits are issued by high-credit quality financial institutions, and we consider the risk of non-performance of these instruments to be remote.

Interest rate risk

The Church is exposed to interest rate risk with respect to the following financial instruments: cash and cash equivalents, and investments in term deposits. Changes in interest rates can affect the fair value of investments and the cash flows related to interest income.

Liquidity risk

Liquidity risk exposure is dependent on the receipt of funds from congregation offerings, rental income and other sources to enable the Church to pay its liabilities as they become due.

4. CAPITAL MANAGEMENT

The Church's capital is comprised of its net assets, which had a balance of \$2,115,093 at December 31, 2019 (2018: \$2,154,347).

The Church's objectives when managing capital is to maintain financial strength and stability, and to protect its ability to continue as a going concern.

Senior management and the finance committee develop the capital strategy and oversee capital management.

The only internally imposed restriction is to maintain sufficient capital to fund the designated fund which had a balance of \$261,680 at December 31, 2019 (2018: \$202,821). The Church complied with this restriction during the year.

SOUTH DELTA BAPTIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

5. TERM DEPOSITS

	<u>2019</u>	<u>2018</u>
Envision Credit Union term deposit; maturity April 6, 2021; interest 0.70% - held for the general fund	\$ 51,585	\$ 50,185
Envision Credit Union term deposit; maturity January 7, 2020; interest 3.00% - held for the general fund	39,492	38,996
Accrued interest	<u>660</u>	<u>260</u>
	<u>\$ 91,737</u>	<u>\$ 89,441</u>

6. PASTORAL MORTGAGE ASSISTANCE (PMA) LOAN

In 2018, an amount of \$150,000 was lent to the Lead Pastor; this mortgage has been registered against the property as a second financial charge. The loan is non-interest bearing with no fixed repayment terms. In lieu of repayment of the loan, a taxable benefit equal to interest at the Canada Revenue Agency prescribed rate is reported by the employee. The mortgage is a demand loan, currently with a five year term, with the possibility of consecutive renewals. After the balance due date, all outstanding amounts will bear interest at the Prime Rate plus 1% per annum compounded monthly from the balance due date until repaid in full.

7. CAPITAL ASSETS

	<u>Cost</u>	<u>2019</u> <u>Accumulated</u> <u>Amortization</u>	<u>Cost</u>	<u>2018</u> <u>Accumulated</u> <u>Amortization</u>
Furniture and equipment	\$ 1,479,618	\$ 1,284,877	\$ 1,474,226	\$ 1,236,866
Computer hardware	40,324	24,407	35,665	18,582
Paving	32,978	30,504	32,978	30,289
Vehicle	29,945	29,698	29,945	29,593
Building	4,774,953	3,374,407	4,774,953	3,316,051
Land	<u>106,811</u>	<u>-</u>	<u>106,811</u>	<u>-</u>
	<u>\$ 6,464,629</u>	<u>\$ 4,743,893</u>	<u>\$ 6,454,578</u>	<u>\$ 4,631,381</u>
		<u>2019</u>		<u>2018</u>
Net Book Value		<u>\$ 1,720,736</u>		<u>\$ 1,823,197</u>

As of July 1, 2019, the BC Property Assessment for Land and Buildings located at 1988 & 1880 56th street was \$15,153,000, (2018 - \$15,230,000).

SOUTH DELTA BAPTIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

8. DEFERRED REVENUE

In 2013, the Church entered into a 10 year parking easement agreement with a Tsawwassen Independent School. The total value of the agreement is \$230,000 and was offered as settlement for accrued shared land development costs. One tenth of the lease, \$23,000, is to be realized annually until December 31, 2022.

Total deferred revenue of \$334,228 consists of \$69,000 from the parking lease, \$3,549 from deferred capital contribution, and \$261,680 from designated funds.

9. DESIGNATED FUNDS

	Beginning Balance	Receipts	Disbursements	Ending Balance
First Steps Preschool	\$ -	\$ 250	\$ -	\$ 250
Thanksgiving fundraising****	9,396	-	7,541	1,855
Land sale	21,601	670	-	22,271
Missions - short term	50	-	-	50
Missions - youth	-	7,752	7,280	472
Pastoral housing assistance - held in cash***	7,122	-	34	7,088
Pastoral mortgage assistance - loan***	150,000	-	-	150,000
Pickleball designated funds	-	5,676	5,000	676
Share - benevolent funds	14,652	18,903	23,038	10,517
60th anniversary funds	-	99,234	30,733	68,501
	<u>\$ 202,821</u>	<u>\$ 132,485 **</u>	<u>\$ 73,626 **</u>	<u>\$ 261,680 *</u>

* Designated funds ending balance consists of \$111,680 in restricted cash and \$150,000 used for pastoral mortgage.

** As the Church follows the deferral method of accounting for contributions, receipts of \$132,485 were reduced to the disbursed amount of \$73,626.

*** On December 10, 2018, \$150,000 of the cash held for pastoral housing assistance was advanced as a loan per details in note 6.

**** \$2,357 of these funds were used to purchase furniture that was capitalized in the year.

SOUTH DELTA BAPTIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

10. INTERNALLY RESTRICTED FUNDS

Internally restricted funds consists of:	<u>2019</u>	<u>2018</u>
Building Reserve:		
Balance, beginning of year	\$ 141,696	\$ 139,995
Transfer from operating fund	41,493	8,303
Operating expenditures	(2,258)	(1,450)
Purchase of capital assets	<u>(3,034)</u>	<u>(5,152)</u>
Balance, end of year	<u>177,897</u>	<u>141,696</u>
Land Sale funds :		
Balance, beginning of year	37,292	36,612
Interest	<u>1,466</u>	<u>680</u>
Balance, end of year	<u>38,758</u>	<u>37,292</u>
Total internally restricted	<u>\$ 216,655</u>	<u>\$ 178,988</u>

11. SOCIETIES ACT OF BRITISH COLUMBIA

As part of the new disclosure requirements of the B.C. Societies Act, the Church reports they had 2 employees who earned in excess of \$75,000. Total remuneration (which includes wages and taxable benefits) for these employees for the calendar year 2019 was \$198,130.

12. COMMITMENTS

In January 2016, the Church committed to a 60 month lease agreement with Roynat Inc. for a photocopier, with quarterly payments of \$1,221 plus tax.

In April 2018, the Church entered into a 1-year contract with Neopost Canada Ltd. for the maintenance of a folding machine. The contract was for \$456 plus tax. This contract was renewed in 2019 for another year.

SOUTH DELTA BAPTIST CHURCH

SCHEDULE I - PRESCHOOL OPERATIONS

For the year ended December 31, 2019

	<u>2019</u>	<u>2018</u>
REVENUE		
Fees	\$ 70,085	\$ 62,149
EXPENSES		
Salaries and benefits	52,347	59,288
Administration	361	379
Equipment and supplies	1,602	1,473
	54,310	61,140
EXCESS OF EXPENSES OVER REVENUE	\$ 15,775	\$ 1,009

SOUTH DELTA BAPTIST CHURCH

SCHEDULE II - EXPENSES NET OF RELATED REIMBURSEMENTS

For the year ended December 31, 2019

	<u>2019</u>	<u>2018</u>
Administration and salaries		
Accounting and legal	\$ 7,631	\$ 11,154
Administrative	12,921	12,670
Building reserve	2,259	-
Interest and bank charges	7,049	7,016
Office expenses and equipment	15,178	12,334
Salaries and benefits	713,243	782,405
Telephone and internet	3,854	11,218
	\$ 762,135	\$ 836,797
Children and adult ministries (note 2i)		
Children's ministries	\$ 6,881	\$ 3,681
Family Ministry	5,525	1,344
Freedom ministries	352	185
In kind donations	7,258	3,676
Men's Ministries	(381)	(462)
Resource centre and library	117	155
Senior Scene and Kin Village	(902)	(315)
Small groups and adult fellowship	255	3,898
Vacation Bible School	-	(50)
Women's ministries	(665)	(2,843)
	\$ 18,441	\$ 9,269
Facility care and maintenance		
Insurance	\$ 28,979	\$ 28,190
Landscaping	6,681	8,571
Repairs and maintenance	29,479	33,781
Utilities and security	60,565	59,297
	\$ 125,704	\$ 129,839

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

SOUTH DELTA BAPTIST CHURCH

SCHEDULE II - EXPENSES NET OF RELATED REIMBURSEMENTS

For the year ended December 31, 2019

	<u>2019</u>	<u>2018</u>
Missions		
Fellowship Pacific	\$ 7,064	\$ 8,000
First Nations	26,049	29,500
Home church missionary projects	9,355	10,251
International ministries	60,928	69,000
Tsawwassen Community Church	705	688
	\$ 104,101	\$ 117,439
Pastoral care and leadership		
Congregational development	\$ 4,786	\$ 3,308
Funerals	6,990	20,754
Pastoral and leadership development	8,297	11,298
Pastoral expenses	78	49
Pulpit supply and honorarium	1,500	600
Subscriptions and books	1,040	953
	\$ 22,691	\$ 36,962

SOUTH DELTA BAPTIST CHURCH

SCHEDULE II - EXPENSES NET OF RELATED REIMBURSEMENTS

For the year ended December 31, 2019

	<u>2019</u>	<u>2018</u>
Worship arts		
Music	\$ 909	\$ 792
Honorariums and ordinances	586	1,439
Sound and lighting	4,544	3,648
Special programs	2,129	2,931
Transportation	3,465	-
Worship atmosphere	3,228	961
	\$ 14,861	\$ 9,771
Youth and young adults (note 2i)		
Youth and young adults programs	\$ 5,517	\$ 6,664
Vehicle expenses	-	1,647
	\$ 5,517	\$ 8,311