

SOUTH DELTA BAPTIST CHURCH
ANNUAL GENERAL MEETING

Tuesday, May 25, 2021

7:00PM Online via Zoom

AGENDA

1. Approval of Agenda – Ken Wright
2. Approval of Minutes
 - a. Extraordinary General Meeting – November 24, 2020
3. Report of the Nominating Committee – Wayne Connorton
 - a. Election of Recommended Elders
 - b. Election of Moderator
 - c. Election of 2021 – 2022 Nominating Committee
4. Audit Committee Report – Rob Bogress
5. Appointment of Auditor – Rob Bogress
6. YTD Financial Report – Jordan Scott
7. Elder Board Report – David van Til
8. Lead Pastor Report – Paul Park
9. Revised 2021 Budget – Dave van Til
10. Motion to Adjourn – After voting closes on Thursday

**SOUTH DELTA BAPTIST CHURCH
Extraordinary General Meeting
Tuesday, November 24th, 2020 – 7PM**

Draft Minutes – SDBC 2020 Annual Business Meeting

Date: Tuesday November 24, 2020

Time: 7:00PM

Location: SDBC Auditorium remotely via videoconferencing (zoom) as per COVID-19 pandemic meeting restrictions.

Call to Order:

Moderator, Ken Wright, called the meeting to order at 7:09PM

Ken also described the directions for voting via zoom.

Establishing of a Quorum

Membership List: 327

Quorum (10%): 33

Members Present: 71

Approval of the Agenda

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

Approval of the Minutes of the 2020 AGM

MOTION: Moved by Linda Whitelaw and seconded by Phil Grierson that the minutes of the September 15, 2020 Annual General Meeting be approved as amended (the word “admonished” was changed to “commended” in the Lead Pastor Report). **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 to the end of October and heading into the final two months of the year. COVID-19 has impacted giving and expenses. There were no questions from the members.

2021 Budget Presentation - Pastor Jordan Scott

Pastor Jordan gave an overview of the proposed 2021 Budget.

Pastor Jordan responded to questions from the members.

MOTION: Moved by Pastor Jordan Scott and seconded by Troy Weatherly as recommended by the staff and elders, the SDBC 2021 Budget be approved by the members as presented. **CARRIED**

Elders Update - Dave van Til

Report accepted as presented.

Dave thanked Pastor Paul, Jordan and the entire staff for their continued leading of the church through the pandemic. He gave a high-level overview of the challenges that have faced the Board and the church family over the year however ministry continues. The Board Chair finished with a word of encouragement from 1 Thessalonians 5:14-18.

Lead Pastor's Report - Pastor Paul Park

Report accepted as presented.

Paul expressed gratitude to the staff and their continuing efforts in challenging times as well as gratitude for the support and encouragement of the Elder Board and the SDBC church family.

Paul and Jayson answered questions from the membership.

Adjournment

MOTION: Moved by Gerard van Dop and seconded by Dayle Krahn that the meeting be adjourned at 8:10PM.

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

RECOMMENDATION FORM

ELDERS

NAME OF COMMITTEE: Nominating Committee

DATE OF MEETING: May 25, 2021

PRESENTED BY: Wayne Connorton, 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 one candidate for Elected Elder for a three-year term commencing at the close of the 2021 AGM.

RECOMMENDATION:

As recommended by the Nominating Committee, that Dylan Kruger be affirmed as Elected Elder of South Delta Baptist Church for a three-year term commencing at the close of the 2021 AGM.

DYLAN KRUGER



Born and raised in Ladner, Dylan grew up attending Sunday school classes and youth nights at South Delta Baptist Church. Dylan became a Christian while attending Camp Qwanoes as a youth. Years later, Dylan met his wife, Katie, at Qwanoes while they were both serving as camp counsellors. Today, Dylan and Katie live in Tsawwassen with their dog Kobe.

Dylan is currently serving in his first term as a councillor with the City of Delta. Dylan also works as a communications consultant with the firm Kirk & Co. Consulting. In his capacity as a municipal councillor, Dylan serves as a Director at Metro Vancouver, Chair of the Community Livability Advisory Committee, Vice-Chair of the Ladner Village Renewal Advisory Committee, and Council Liaison to the Delta Chamber of Commerce and Tsawwassen Business Improvement Association.

Previously, Dylan has worked in communications for Canadian cabinet ministers, MPs, senators, and MLAs.

RECOMMENDATION FORM

MODERATOR ROLE

NAME OF COMMITTEE: Nominating Committee

DATE OF MEETING: May 25, 2021

PRESENTED BY: Wayne Connorton, 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 2021 AGM.

RECOMMENDATION:

As recommended by the Nominating Committee, that Dave Sowerby be affirmed as Moderator of South Delta Baptist Church for a one-year term commencing at the close of the 2021 AGM.

RECOMMENDATION FORM

APPOINTMENT OF AUDITOR

NAME OF COMMITTEE: Elder Board

DATE OF MEETING: May 25, 2021

PRESENTED BY: Rob Bogress

CONSIDERATION:

In order to verify that 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 2021.

REVISED 2021 BUDGET

		Budget Proposal		
Description	Account	Budget 2021	changes \$ difference	Amended Budget 2021
Revenues				
Tithes & Offerings	4020	\$998,000	\$0	\$998,000
Facility Use Revenue	4025	\$37,000	\$0	\$37,000
Interest Income	4030	\$1,000	\$0	\$1,000
First Steps Revenue	4110	\$78,000	\$0	\$78,000
Southpointe Deferred Revenue	4101	\$23,000	\$0	\$23,000
Revenue from other sources	4130	\$0	\$70,000	\$70,000
Total		\$1,137,000	\$70,000	\$1,207,000
Pastoral Care & Leadership Development				
Leadership Development	5110	\$3,500	\$0	\$3,500
Personal Development & Ed.	5120	\$2,015	\$0	\$2,015
Congregational Development	5125	\$3,860	\$2,000	\$5,860
Pastoral Care Expenses	5130	\$0	\$0	\$0
Pulpit Supply & Honoraria	5140	\$900	\$0	\$900
Subscriptions & Books	5160	\$1,500	\$0	\$1,500
Total		\$11,775	\$2,000	\$13,775
Worship Arts				
Special Events	5230	\$4,000	\$0	\$4,000
Ordinances	5235	\$500	\$0	\$500
Worship Atmosphere	5240	\$1,000	\$500	\$1,500
Music, Subscriptions & Books	5245	\$1,500	\$0	\$1,500
Sound	5265	\$3,000	\$2,500	\$5,500
Lighting	5266	\$2,000	\$500	\$2,500
Multimedia/Video	5262	\$500	\$4,500	\$5,000
Total		\$12,500	\$8,000	\$20,500
Communications				
External Communications	5282	\$2,840	\$0	\$2,840
Misc & Software	5285	\$0	\$0	\$0
Website Maintenance & Development	5288	\$2,590	\$510	\$3,100
Total		\$5,430	\$510	\$5,940

Family Ministries				
Sunday Morning	5305	\$1,901	\$1,199	\$3,100
Outreach / Special Events	5325	\$1,250	\$600	\$1,850
Resource Centre	5330	\$175	\$250	\$425
Children's Ministries - General	5335	\$529	\$919	\$1,448
Young Family Ministry	5185	\$0	\$0	\$0
Total		\$3,855	\$2,968	\$6,823

Adult Ministries				
Women's Ministries	5375	\$100	\$0	\$100
Men's Ministries	5377	\$100	\$0	\$100
Freedom Session	5382	\$0	\$0	\$0
Senior's Ministry	5390	\$100	\$0	\$100
Pickleball	5396	\$0	\$0	\$0
Marriage Ministry	5387	\$250	\$0	\$250
Total		\$550	\$0	\$550

Compassion Ministries				
Stephen Ministry	5360	\$2,600	\$0	\$2,600
Kin Village Bus	5362	\$0	\$0	\$0
Total		\$2,600	\$0	\$2,600

Young Adults				
Young Adults - Program	5420	\$120	\$0	\$120
Young Adults - Leadership	5421	\$240	\$0	\$240
Total		\$360	\$0	\$360

Youth				
Preteen - Program	5405	\$535	\$225	\$760
Preteen - Leadership	5406	\$120	\$0	\$120
Youth - Program	5410	\$1,275	\$225	\$1,500
Youth - Leadership	5411	\$695	\$0	\$695
Pop & Shuga Shack	5425	\$0	\$0	\$0
Total		\$2,625	\$450	\$3,075

Community Life				
Hospitality & Fellowship	5455	\$3,500	\$0	\$3,500
Outreach Functions	5460	\$500	\$3,750	\$4,250
Sunday Lunches	5462	\$0	\$0	\$0

Pantry Supplies	5465	\$500	\$0	\$500
Community Groups	5475	\$1,000	\$0	\$1,000
Total		\$5,500	\$3,750	\$9,250

Missions

Fellowship	5505	\$7,059	\$0	\$7,059
Global	5515	\$56,907	\$0	\$56,907
First Nations	5525	\$26,029	\$0	\$26,029
Local Missions	5555	\$13,416	\$0	\$13,416
Short Term	5560	\$0	\$0	\$0
Tsawwassen Community Church	5577	\$1,000	\$0	\$1,000
Mission Luncheons	5590	\$0	\$0	\$0
Total		\$104,411	\$0	\$104,411

Administration

Accounting & Legal	5610	\$7,650	\$0	\$7,650
Administration Expense	5615	\$16,496	\$0	\$16,496
Office Equipment & Furniture	5620	\$0	\$0	\$0
Office Expenses	5630	\$2,582	\$0	\$2,582
Courier & Postage	5640	\$927	\$0	\$927
Interest & Bank Charges	5660	\$8,100	\$0	\$8,100
Equipment Leases	5680	\$1,337	\$0	\$1,337
Telephone & Cable	5685	\$4,065	\$0	\$4,065
Transportation	5687	\$2,000	\$0	\$2,000
Total		\$43,157	\$0	\$43,157

Facility Care & Maintenance

Property Taxes	5775	\$0	\$0	\$0
Insurance	5778	\$33,000	\$0	\$33,000
Utilities	5780	\$66,100	\$0	\$66,100
Repairs & Maintenance	5785	\$39,120	\$0	\$39,120
Landscaping	5790	\$10,000	\$0	\$10,000
Total		\$148,220	\$0	\$148,220

Building Replacement

Building Replacement Fund	5735	\$0	\$0	\$0
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Salaries & Benefits

Wages & Salaries	5005	\$563,381	\$22,076	\$585,457
Contracts	5006	\$0	\$0	\$0
Employment Insurance	5010	\$10,849	\$475	\$11,324
Canada Pension Plan	5015	\$24,692	\$1,047	\$25,739
Worksafe BC	5020	\$700	\$25	\$725
Other Benefits	5025	\$3,600	\$0	\$3,600
Automobile Allowance	5030	\$18,000	\$0	\$18,000
RRSP	5035	\$22,161	\$346	\$22,507
BC Medical	5040	\$0	\$0	\$0
Group Insurance	5045	\$40,184	\$1,794	\$41,978
Total		\$683,567	\$25,763	\$709,330

FEBPAC 2016

FEBPAC 2016	5745	\$15,000	\$0	\$15,000
Total		\$15,000	\$0	\$15,000

First Steps Revenue

Fees	4110	\$78,000	\$0	\$78,000
Total		\$78,000	\$0	\$78,000

First Steps Expenses

Salaries	5805	\$67,306	\$2,633	\$69,939
Canada Pension Plan	5810	\$3,191	\$80	\$3,271
Employment Insurance	5815	\$1,489	\$56	\$1,545
Group Insurance	5820	\$0	\$0	\$0
BC Medical	5822	\$0	\$0	\$0
Worksafe BC	5825	\$81	\$8	\$89
RRSP	5827	\$0	\$0	\$0
Administrative Expenses	5830	\$600	\$0	\$600
Benefits for Second Teacher	5835	\$0	\$0	\$0
Premises Expenses	5840	\$500	\$0	\$500
Equipment & Supplies	5845	\$1,500	\$0	\$1,500
First Steps Marketing	5842	\$0	\$0	\$0
Total		\$74,667	\$2,777	\$77,444

Total Expenses		\$1,114,217	\$46,218	\$1,160,435
Total Revenue		\$1,137,000	\$70,000	\$1,207,000
Projected Outcome		\$22,783	\$23,782	\$46,565

South Delta Baptist Church
FINANCIAL STATEMENTS

December 31, 2020

SOUTH DELTA BAPTIST CHURCH

December 31, 2020

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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, 2020, 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, 2020, 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 tithes and offerings, 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, 2020 and December 31, 2019, current assets and net assets as at December 31, 2020 and December 31, 2019. My audit opinion on the financial statements for the year ended December 31, 2020 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.

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 11, 2021



CHARTERED PROFESSIONAL ACCOUNTANT

SOUTH DELTA BAPTIST CHURCH

STATEMENT OF FINANCIAL POSITION **As at December 31, 2020**

	<u>General Fund</u>	<u>Designated Fund</u> (note 9)	<u>2020 Total</u>	<u>2019 Total</u>
ASSETS				
CURRENT ASSETS				
Cash	\$ 334,427	\$ -	\$ 334,427	\$ 371,189
Term deposits (note 5)	93,984	-	93,984	91,737
Restricted cash (note 9)	-	123,412	123,412	111,680
Pastoral Mortgage Assistance Loan (note 6)	-	150,000	150,000	150,000
Accounts receivable	-	-	-	1,405
Gift card inventory	5,163	-	5,163	5,645
GST recoverable	2,029	-	2,029	2,691
Prepaid insurance	25,744	-	25,744	24,146
TOTAL CURRENT ASSETS	461,347	273,412	734,759	758,493
CAPITAL ASSETS (note 7)	1,645,740	-	1,645,740	1,720,736
TOTAL ASSETS	\$ 2,107,087	\$ 273,412	\$ 2,380,499	\$ 2,479,229

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

SOUTH DELTA BAPTIST CHURCH

STATEMENT OF FINANCIAL POSITION As at December 31, 2020

	<u>General Fund</u>	<u>Designated Fund</u> (note 9)	<u>2020 Total</u>	<u>2019 Total</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 12,660	\$ -	\$ 12,660	\$ 14,274
Payroll remittances payable	12,102	-	12,102	13,928
Other payroll liabilities	1,105	-	1,105	1,705
TOTAL CURRENT LIABILITIES	25,867	-	25,867	29,907
DEFERRED REVENUE - GENERAL (note 8)	46,000	-	46,000	69,000
DEFERRED REVENUE - DESIGNATED (note 9)	-	123,412	123,412	111,680
DEF. CAPITAL CONTRIBUTION (note 10)	9,854	-	9,854	5,671
TOTAL LIABILITIES	81,721	123,412	205,133	216,258
NET ASSETS				
Invested in capital assets	1,645,740	-	1,645,740	1,720,736
Externally restricted (note 6)	-	150,000	150,000	150,000
Internally restricted (notes 2d and 11)	199,450	-	199,450	216,655
Unrestricted	180,176	-	180,176	175,580
TOTAL NET ASSETS	2,025,366	150,000	2,175,366	2,262,971
TOTAL LIABILITIES AND NET ASSETS	\$ 2,107,087	\$ 273,412	\$ 2,380,499	\$ 2,479,229

APPROVED BY THE BOARD:

 Director

 Director

SOUTH DELTA BAPTIST CHURCH

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS For the year ended December 31, 2020

	<u>General Fund</u>	<u>Designated Fund</u> (note 9)	<u>2020 Total</u>	<u>2019 Total</u>
REVENUE				
Tithes and offerings	\$ 957,709	\$ -	\$ 957,709	\$ 1,043,301
Tithes and offerings - designated (note 9)	-	41,134	41,134	71,504
Facility rental	21,020	-	21,020	68,203
In kind donations (note 2i)	5,018	-	5,018	7,258
Def. capital contribution recognized (note 10)	2,817	-	2,817	1,391
Interest income	2,572	-	2,572	2,854
Federal wage subsidy	14,788	-	14,788	-
Preschool net (loss)/income (Schedule I)	(1,333)	-	(1,333)	15,775
	1,002,591	41,134	1,043,725	1,210,286
EXPENSES				
Administration and salaries (Schedule II)	718,861	-	718,861	762,135
Communications	6,838	-	6,838	8,870
Catering and hospitality (note 2j)	4,974	-	4,974	13,560
Children and adult ministries (note 2j, Schedule II)	6,063	-	6,063	18,441
Designated expenses (note 9)	-	41,134	41,134	71,269
Facility care and maintenance (Schedule II)	125,037	-	125,037	125,704
FEBPAC	15,000	-	15,000	15,000
Missions (Schedule II)	104,654	-	104,654	104,101
Pastoral care and leadership (Schedule II)	9,702	-	9,702	22,691
Worship arts (Schedule II)	13,754	-	13,754	14,861
Youth and young adults (note 2j, Schedule II)	2,041	-	2,041	5,517
	1,006,924	41,134	1,048,058	1,162,149
(Deficiency) excess of revenue over expenses before other items	(4,333)	-	(4,333)	48,137
Parking lease revenue (note 8)	23,000	-	23,000	23,000
Amortization	(106,272)	-	(106,272)	(112,513)
(Deficiency) of revenue over expenses	(87,605)	-	(87,605)	(41,376)
Net assets, beginning of year	2,115,093	150,000	2,265,093	2,154,347
Prior period adjustment (note 13)	(2,122)	-	(2,122)	150,000
Net assets, beginning of year, restated	2,112,971	150,000	2,262,971	2,304,347
Net assets, end of year	\$ 2,025,366	\$ 150,000	\$ 2,175,366	\$ 2,262,971

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, 2020**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts	\$ 1,059,136	\$ 1,265,559
Cash paid for expenses	(1,053,215)	(1,166,176)
Interest received	2,572	2,854
	8,493	102,237
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of capital assets	(31,276)	(10,052)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(22,783)	92,185
CASH AND CASH EQUIVALENTS, beginning of year	574,606	482,421
CASH AND CASH EQUIVALENTS, end of year	\$ 551,823	\$ 574,606
CASH AND CASH EQUIVALENTS, represented by		
Cash	\$ 334,427	\$ 371,189
Term deposits	93,984	91,737
Restricted cash	123,412	111,680
	\$ 551,823	\$ 574,606

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

SOUTH DELTA BAPTIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

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, restricted cash, and cash equivalents

Cash, restricted cash, and cash equivalents include bank balances and highly liquid term deposits 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. Accordingly, externally restricted contributions are recognized as revenue in the year which related expenditures are incurred. Contributions for the purchase of capital assets that are amortized are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets. Unrestricted contributions are recognized at the earlier of when received or when collection is probable.

Endowment contributions received whereby restrictions are placed by the donor as to the use of the funds are recorded as direct increases to net assets.

SOUTH DELTA BAPTIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Revenue recognition (continued)

Fees collected for the rental of facilities and preschool are recorded as revenue in the periods the facilities are used and when programs are delivered.

Lease revenue derived from the use of the Church's parking lot is recognized over the lease term on a straight-line basis.

Interest income is recognized as revenue when earned.

d) Fund accounting

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

The General Fund accounts for the Church's program delivery and administrative activities. This fund reports unrestricted and internally restricted resources, and the assets, liabilities, revenues and expenses related to the Church'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 represents externally restricted funds. The use of these funds is restricted to their designation.

e) Use of estimates

When preparing financial statements in accordance with Canadian ASNPO, management is required to make certain estimates and assumptions relating to the useful life of assets.

Assumptions are based on a number of factors, including historical experience, current events, actions that the Church may undertake in future, and other assumptions believed reasonable under the circumstances. These estimates are periodically reviewed and, accordingly, adjustments made to these estimates are taken into income in the year in which it is determined. These estimates are subject to measurement uncertainty, and actual results may therefore differ from those estimates.

f) Impairment of long-lived assets

Capital assets are reviewed for impairment when they no longer contribute to the Church's operations. If impaired, the net carrying amount of the capital asset is written down to its fair value or replacement cost.

g) Capital assets

Capital assets are recorded at cost less amortization and impairment. The cost for contributed capital assets is considered to be fair value at the date of contribution.

SOUTH DELTA BAPTIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Capital assets (continued)

Amortization is provided using the following methods and rates, which have been established by estimates of useful lives:

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

h) 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.

i) Donated goods

The Church is from time to time the beneficiary of goods gifted to it by its members. Gifts of goods are reported, when they are received, at their fair market value if the fair market value can be reasonably estimated and if the goods and services are used in the normal course of operations and would have been purchased otherwise.

j) 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.

k) 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.

SOUTH DELTA BAPTIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

3. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

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 \$2,175,366 at December 31, 2020 (2019: \$2,262,971).

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 \$123,412 at December 31, 2020 (2019: \$111,680). The Church complied with this restriction during the year.

5. TERM DEPOSITS

	<u>2020</u>	<u>2019</u>
Envision Credit Union term deposit; maturity April 6, 2021; interest 3.30% - held for the general fund	\$ 52,285	\$ 51,585
Envision Credit Union term deposit; maturity January 7, 2021; interest 3.05% - held for the general fund	40,090	39,492
Accrued interest	<u>1,609</u>	<u>660</u>
	<u>\$ 93,984</u>	<u>\$ 91,737</u>

6. PASTORAL MORTGAGE ASSISTANCE (PMA) LOAN

Members of the congregation had donated money in support of alleviating the financial burden of housing of the Lead Pastor. 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. It is currently classified as an externally restricted net asset.

SOUTH DELTA BAPTIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

7. CAPITAL ASSETS

		<u>2020</u>		<u>2019</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Furniture and equipment	\$ 1,510,894	\$ 1,330,081	\$ 1,479,618	\$ 1,284,877
Computer	40,325	29,182	40,324	24,407
Paving	32,978	30,702	32,978	30,504
Vehicle	29,945	29,772	29,945	29,698
Building	4,774,953	3,430,429	4,774,953	3,374,407
Land	106,811	-	106,811	-
	<u>\$ 6,495,906</u>	<u>\$ 4,850,166</u>	<u>\$ 6,464,629</u>	<u>\$ 4,743,893</u>
Net Book Value		<u>\$ 1,645,740</u>		<u>\$ 1,720,736</u>

The 2020 BC Property Assessment for Land and Buildings located at 1988 & 1880 56th street was \$15,153,000, (2019 - \$15,230,000).

8. DEFERRED REVENUE - GENERAL FUND

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.

	<u>Beginning Balance</u>	<u>Receipts & Transfers</u>	<u>Revenue Recognized</u>	<u>Ending Balance</u>
Deferred parking lease revenue	\$ <u>69,000</u>	\$ <u>-</u>	\$ <u>(23,000)</u>	\$ <u>46,000</u>

SOUTH DELTA BAPTIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

9. DEFERRED REVENUE - DESIGNATED FUND

Deferred revenue in the designated fund consists of funding received that are restricted by external funders. The Church follows the deferral method of accounting for contributions, therefore, only the amounts disbursed are recognized as revenue.

	Beginning <u>Balance</u>	Receipts & <u>Transfers</u>	<u>Disbursements</u>	Ending <u>Balance</u>
First Steps Preschool	\$ 250	\$ 225	\$ -	\$ 475
Thanksgiving fundraising	1,855	-	(893)	962
Land sale	22,271	5,125	(5,000)	22,396
Missions - short term	50	-	-	50
Missions - youth	472	42	(24)	490
Pastoral housing assistance - held in cash	7,088	-	-	7,088
Pickleball designated funds	676	755	(1,000)	431
Starfish Pack	-	55,830	(11,875)	43,955
Share - benevolent funds	10,517	11,474	(9,532)	12,459
SDBC Tutoring	-	22,916	(2,228)	20,688
60th anniversary funds	<u>68,501</u>	<u>(38,501)</u>	<u>(15,582)</u>	<u>14,418</u>
Total before interfund transfers	111,680	57,866	(46,134)	123,412
Purchase of capital assets	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
Total deferred revenue - designated fund	<u>\$ 111,680</u>	<u>\$ 57,866</u>	<u>\$ (41,134)</u>	<u>\$ 123,412</u>

10. DEFERRED CAPITAL CONTRIBUTIONS

	Beginning <u>Balance</u>	<u>Additions</u>	Recognized <u>as revenue</u>	Ending <u>Balance</u>
Deferred capital contributions	<u>\$ 5,671</u>	<u>\$ 7,000 *</u>	<u>\$ (2,817)</u>	<u>\$ 9,854</u>

* Included in the additions is \$5,000 that was transferred from the designated fund.

SOUTH DELTA BAPTIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

11. INTERNALLY RESTRICTED FUNDS

Internally restricted funds consists of:

2020

2019

Building Reserve:

Balance, beginning of year	\$ 177,897	\$ 141,696
Transfer from Land Sale Funds	12,862	-
Transfer from operating fund	10,000	41,493
Operating expenditures	(1,136)	(2,258)
Purchase of capital assets	<u>(11,726)</u>	<u>(3,034)</u>
Balance, end of year	<u>187,897</u>	<u>177,897</u>

Land Sale funds :

Balance, beginning of year	38,758	37,292
Interest	722	1,466
Transfer to Building Reserve	(12,862)	-
Operating expenditures	(2,515)	-
Purchase of capital assets	<u>(12,550)</u>	<u>-</u>
Balance, end of year	<u>11,553</u>	<u>38,758</u>

Total internally restricted

\$ 199,450

\$ 216,655

SOUTH DELTA BAPTIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

12. SOCIETIES ACT OF BRITISH COLUMBIA

As part of the new disclosure requirements of the B.C. Societies Act, the Church reports they had 3 employees who earned in excess of \$75,000. Total remuneration (which includes wages and taxable benefits) for these employees for the calendar year 2020 was \$276,709.

13. PRIOR PERIOD ADJUSTMENT

Prior period adjustments were the result of changes in classification of accounts. The prior period adjustment affected prior year balances in deferred capital contributions, tithes and offerings - designated, unrestricted net assets, and externally restricted net assets.

14. COMPARATIVE FIGURES

Prior year balances have been restated to reflect current year presentation.

15. COVID-19

Since March 2020, the effects of the global pandemic has affected the Church's operations. Many events were cancelled and in-person services were reduced which decreased total expenses. The global pandemic had affected tithes and offering, and rental revenue, however, there are no going concern issues.

SOUTH DELTA BAPTIST CHURCH

SCHEDULE I - PRESCHOOL OPERATIONS

For the year ended December 31, 2020

	<u>2020</u>	<u>2019</u>
REVENUE		
Fees	\$ 44,369	\$ 70,085
EXPENSES		
Salaries and benefits	43,856	52,347
Administration	294	361
Equipment and supplies	1,552	1,602
	45,702	54,310
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	\$ (1,333)	\$ 15,775

SOUTH DELTA BAPTIST CHURCH

SCHEDULE II - EXPENSES NET OF RELATED REIMBURSEMENTS

For the year ended December 31, 2020

	<u>2020</u>	<u>2019</u>
Administration and salaries		
Accounting and legal	\$ 7,611	\$ 7,631
Administrative	11,686	12,921
Building reserve	1,136	2,259
Land sale	2,515	-
Interest and bank charges	6,817	7,049
Office expenses and equipment	11,897	15,178
Salaries and benefits	672,871	713,243
Telephone and internet	4,329	3,854
	\$ 718,862	\$ 762,135
Children and adult ministries (note 2j)		
Children's ministries	\$ 4,207	\$ 6,881
Family Ministry	-	5,525
Freedom ministries	-	352
In kind donations (note 2i)	5,018	7,258
Men's Ministries	(23)	(381)
Resource centre and library	130	118
Senior Scene and Kin Village	(291)	(902)
Small groups and adult fellowship	(2,631)	255
Women's ministries	(348)	(665)
	\$ 6,063	\$ 18,441
Facility care and maintenance		
Insurance	\$ 31,372	\$ 28,979
Landscaping	10,259	6,681
Repairs and maintenance	34,974	29,479
Utilities and security	48,432	60,565
	\$ 125,037	\$ 125,704

SOUTH DELTA BAPTIST CHURCH

SCHEDULE II - EXPENSES NET OF RELATED REIMBURSEMENTS

For the year ended December 31, 2020

	<u>2020</u>	<u>2019</u>
Missions		
Fellowship Pacific	\$ 7,064	\$ 7,064
First Nations	26,049	26,049
Home church missionary projects	13,509	9,355
International ministries	56,954	60,928
Tsawwassen Community Church	1,078	705
	<hr/> \$ 104,654 <hr/>	<hr/> \$ 104,101 <hr/>
Pastoral care and leadership		
Congregational development	\$ 3,759	\$ 4,786
Funerals	-	6,990
Pastoral and leadership development	4,669	8,297
Pastoral expenses	-	78
Pulpit supply and honorarium	-	1,500
Subscriptions and books	1,274	1,040
	<hr/> \$ 9,702 <hr/>	<hr/> \$ 22,691 <hr/>

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, 2020

	<u>2020</u>	<u>2019</u>
Worship arts		
Music	\$ 847	\$ 909
Honorariums and ordinances	671	586
Sound and lighting	6,706	4,544
Special programs	2,929	2,129
Transportation	1,713	3,465
Worship atmosphere	888	3,228
	\$ 13,754	\$ 14,861
Youth and young adults (note 2j)		
Youth and young adults programs	\$ 2,041	\$ 5,517
	\$ 2,041	\$ 5,517

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS