

Grant Memorial Baptist Church

Staff Reports

Fall Members Meeting

October 28, 2020



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1. CEO Update

1.1 Year in Review

It is almost exactly a year ago last week that I joined the staff as Interim CEO. In spite of, first a period of adjustment for the staff as they processed changes that had occurred, and second, an almost four-month physical shutdown of most operations due the COVID-19 pandemic, it was a rewarding year. I have continued to thank the Lord for your support, as well as the ministry leadership team and many other staff for their support through this time.

It has been a year of great adjustment, however always comforting to know that the Lord God is with us, whether it is senior staff changes or mandated pandemic related closure of our facility. Again, as the Psalmist reminded us, *"Even though I walk through the darkest valley, I will fear no evil, for you are with me; your rod and your staff, they comfort me."*

I recall, back in late January, thinking that "things" were beginning to return to "normal", however we quickly found out that any sense of normal would be turned upside down by a virus travelling the globe and disrupting everyday life everywhere. By mid March we were directed to close our doors and cease meetings of virtually any size. Thus began the past 7 months of varying limitations on physically gathering on-site for worship.

When we were mandated to close our doors in March, our staff team was forced to make some immediate adjustments to how we worship and conduct ministry. Loosing the physical interaction of in person ministry and moving to ministry from a distance via on-line required a significant shift in approach as well as methods. We are truly blessed with a staff team that stepped forward and embraced the change, coming up with ideas on ways to continue to connect, when in-person connection wasn't possible. With an existing history of livestreaming our Sunday morning service, we already had both the technical expertise and much of the equipment required to shift ministry on-line. In addition to the Sunday morning service on-line, our various ministry areas were able to connect with their demographic through focussed video and other interactive initiatives.

In addition to moving virtually all ministry activities online, during the strictest period of the late spring lockdown, we were able to put our kitchen to use and provide periodic meals to seniors in our neighbourhood, seniors in our congregation and for some local mission initiatives we already support. Our thanks to the "delivery crews" from Lindenholm Place and Lindenlake Terrace, who came over to pick up meals from the church kitchen door and distribute them into their buildings.

One of the most rewarding, and perhaps appreciated, initiatives undertaken during this period of pandemic restrictions, has been periodic "checking in" calls to congregants. Not only have these touch points been appreciated by recipients, but our staff and volunteers making the calls have also been blessed, often connecting with individuals and families in the church they might not normally connect with. We are currently completing the fourth round of calls, which are largely being made by a team of staff. So if you are middle aged with no children but recently received a call from a children's ministry leader, don't assume you got placed on the wrong call list, because everyone got involved in the initiative and calls were randomly assigned. It has been an opportunity for staff to connect with those they might ordinarily not connect with.

And finally, through out the past seven months of pandemic, our leadership team approach has to been abide by the public health guidance and restrictions provided by health officials and establish rules and protocols that allow compliance. We took this approach, not only out

of love and respect those around us, but also to ensure as safe an environment as possible as you rejoin us physically on site.

1.2 Our Staff Team

When we look around, one of the casualties of COVID-19 pandemic public health restrictions for many has been employment. Many individuals were furloughed temporarily, or even permanently laid off, as employers struggled to operate in a restricted environment. At Grant we have been blessed with a great group of staff and we were able to retain all full-time staff and most part time staff keeping them utilized and engaged. For many staff, their incumbent roles diminished or even disappeared when we closed our doors, however most, who's roles diminished or disappeared, bravely stepped up into other roles.

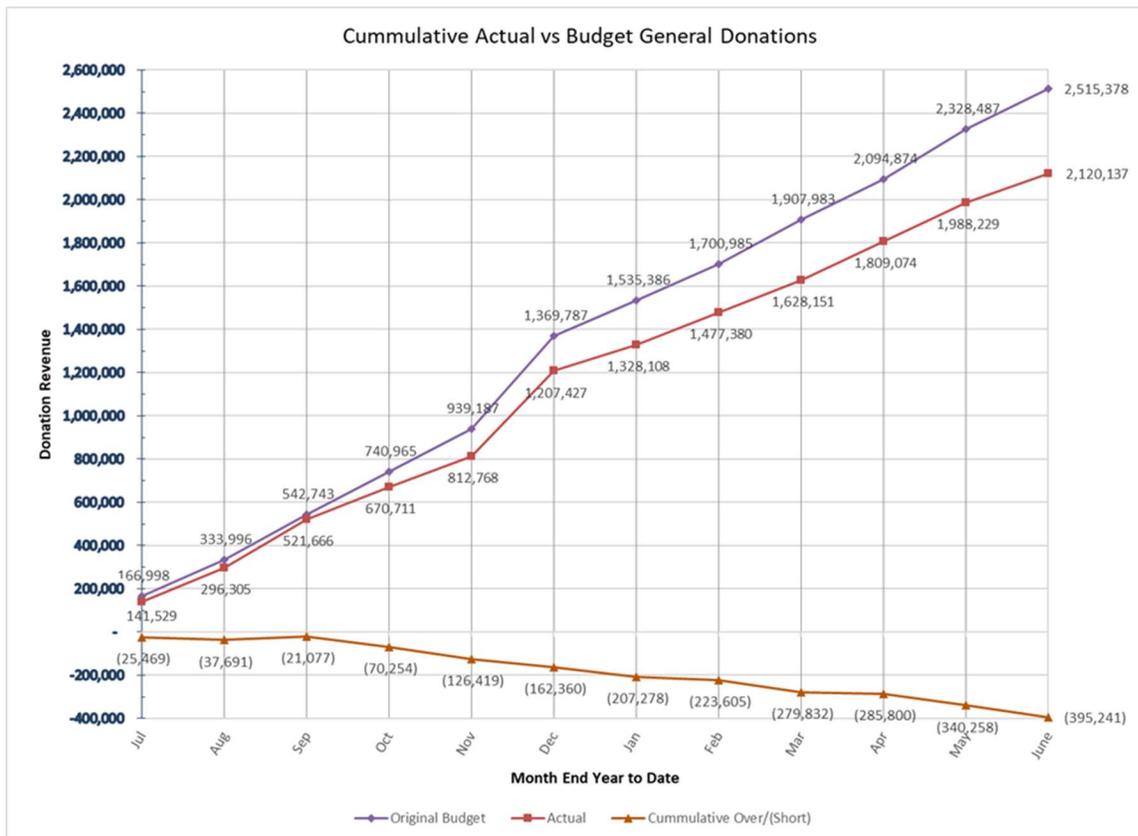
After an initial adjustment period in March, we unfortunately had to furlough four part-time staff and two full time property staff. In August, the two full time property staff rejoined us, as we ramped up for the opening of the school in September. Two of the part time staff continue to be furloughed and as for the other two part time staff, we were forced to lay them off permanently, as we did not foresee their positions or other work returning any time soon.

We have been blessed with a staff team that loves the Lord and ministering to others. It has been a privilege to work with this team during these trying times. I'd like to commend our staff group, for their flexibility, creativity and resilience during uncertain times.

1.3 Our Finances

Financially, both our revenues and expenses for the year ended June 30, 2020 were well below budget, however overall, our final financial results were encouraging, particularly during a year when we had significant senior leadership changes and about 4 months during which we were able to hold only limited on-site ministry, due to public health imposed gathering restrictions resulting from the COVID-19 pandemic.

We are thankful that throughout the past year, the Lord has continued to provide financially. At no time during this past year have we reached our budgeted revenue targets, however faithful and steady support, even at a reduced level, has allowed us to stay on track financially. Below is a graphical depiction of the past year's cumulative donor support versus our budget.



As you can see, coming out of September 2019, donor support was just \$21,000 under budget. This shortfall grew in October, and continue to grow throughout the year.

- We finished the year with general donations totalling \$2,120,137, which was 84% of, or \$395,241 below, our budget of \$2,515,378. Our revenue budget for the year was equal to the prior year's actual results, so we had not budgeted for an increase.
- The significant donation shortfall was partially offset by Government of Canada wage subsidies of \$215,221 due to the COVID-19 pandemic, that we were eligible for during the last four months of the year. A refund of approximately \$18,000 of Worker Compensation Board premium overpayments from prior years also helped offset the shortfall.
- In summary, total revenue of \$2,587,238 was 95% of, or \$128,188 below, our budget of \$2,715,426
- On the expense side we were able to manage costs ending with operating expenses of \$2,588,590, which was 95% of, or \$126,396 below our budget of \$2,714,986. Staff position vacancies and property operating savings contributed to operating expense savings. Any expenses arising from the departure of senior leadership were paid during the year.
- We ended the year with a small operating deficit of \$1,352, which was \$1,792 below our budgeted surplus of \$440.
- We began the year with a cash balance of \$720,258, and despite retiring debt in the amount of \$140,975 and investing in \$352,008 in capital additions, we ended the year with \$469,113.
- Mortgage debt declined by \$140,975 from \$2,029,838 to \$1,888,863.

Ever since the pandemic began we have been preparing rolling monthly projections for two to three months ahead, in order to stay on top of our finances. We continue to keep up this

practice due to uncertainties surrounding donation revenue, changing expense patterns due to changes in restrictions and the potential for government financial support.

1.4 Looking Forward

While the availability of on-line platforms have been wonderful, and critical to continuing ministry, I think all are yearning for a time that we can regularly reconnect and worship together physically. In the interim, we will continue ministry on a virtual basis as we monitor the situation and attempt to ease back to more in-person worship when prudent. Our goal is to return to in-person ministry as expeditiously as our continued respect for personal safety and public health regulations allow.

Over the past few months we have experienced a number of false starts. On a number of occasions, it looked like the pandemic had subsided and that public health concerns were diminishing. Disappointingly however, each time there was reason for optimism, and the ministry team began to plan to ramp up on-site ministry activities, COVID-19 seemed to have other plans.

While the status of the pandemic on a local basis has not been positive, we can be confident, that as believers in a God that reigns over all, he is watching over us.

2. Ministry Report

Ministry, for most of this past year has been led collaboratively by our ministry leadership team of Steve Bock, Sean Sagert, Sherilee Smith and Cam Stephens. When I arrived last October, each of these four Ministry Directors, together with Beth Braun, who resigned in December, had their own distinct area of responsibility. In March, following discussions with the Deacon Board, as a leadership team we presented a proposal to the Deacon Board on how we might operate as a team, leading the ministry for a period of time, while matters of structure and direction were decided. This team approach shifted some responsibilities between Directors, added some new responsibilities and blurred ministry area boundaries. Little did we realize at that time, that this approach would work particularly well with the arrival the COVID-19 pandemic.

While each member of the ministry leadership team will be providing a brief update during the members meeting, they have also identified some highlights below.

Collectively a number of special church wide events standout:

- Our church 125 Year Celebration was held October 4-6, 2019, with many former members and pastoral staff attending.
- On New Years Eve we hosted a family New Year's Eve Party and had approximately 175 in attendance.
- At the end of June, instead of a summer kick-off service, which we couldn't hold due to public health restrictions, we hosted the Road Trip Drive Thru and had approximately 500 roll through. After a number of months of being closed, it was great to connect with many members of the Grant community, even if it was through your car window

2.1 Adult Ministry

Small Groups

- Just over 500 people were plugged in to 50 groups in 2019-20.
- COVID-19 slowed some groups down a bit.
- Numbers were down a bit in the Winter, but Small Groups became a central feature of COVID-19 Church.

Sunday Morning Teaching

- Started 2019 in Matthew, then went through a transitional season in the Fall.
- Christmas - Born to Die (3 weeks).
- Philippians (14 weeks).
- Psalms (17 weeks).

Adult Communities

- Men's Class (averaged 28 men through 4 classes).
- Women's Daybreak (averaged 80 women over 2 sessions).
- IF Gathering (over 100 attendees).

Young Adults

- For the past ministry year, we met together twice a month for Canvas - an evening of worship, prayer, and community. We usually approximately 25-40 people per event, and it is being lead by a Leadership Team of Young Adults from our church! They lead every part of the service, especially the worship.
- Our Leadership Retreat went on a weekend retreat in February to spend time together praying and reflecting on our personal relationships with God.

2.2 Pastoral Care

- At the beginning of COVID-19 we contacted each guest and constituent in the form of a care phone call to check in on them, see how they were doing, take prayer requests and discover other needs that they may have. This call was completed by a combination of staff and volunteers including Elders, Deacons and Stephen Ministers. A second round of calls to constituents took place in June.
- We had been conducting bimonthly senior adult bible studies at the Waverly, Brightwater and was soon to add Sterling House before we went into COVID-19 lock down in Spring. These senior adult bible studies (Psalms with Sean) were moved to an online format which participants are able to view at their care home.
- One on one counselling support via Pastoral staff and Christian Counselling Services continued to be utilized to meet the spiritual, emotional and mental needs of our people as well as the ongoing significant use of our Stephen Ministers. Pre-marital counselling, as well as funeral and grief support, were also provided by Pastoral staff.
- For those unable to connect via technology on Sunday morning we provided a 1 800 number to call which has since led us to the establishment of our own FM station to broadcast the Sunday Service and potential other ministry uses.

2.3 Family Ministry

- Youth Ministry at the beginning of COVID-19 moved to a primary online ministry producing weekly content as well as planning different in person connecting points through home visits, "drop off" events as well as social distant in person gatherings into the summer as restrictions allowed.
- Children's Ministry as well moved primarily online with Fernanda and Michelle producing weekly content for parents and children as well as providing prayer and practical supports.

2.4 Worship Ministry

- 2019 started off with Monthly Team Nights for our Worship Team. The goal of these nights was to bring the teams from both services together and build unity.
- Worship Nights were held in October and February. Others were planned, but had to be cancelled due to COVID-19.
- We held 2 Carols for the King concerts with over 1500 in attendance and 3 Candlelight Services with over 2200 in attendance.
- Good Friday - we pre-recorded our service.
- March began the walk through the Pandemic ... our team was cut down to 10. We had 4 on stage and 6 on tech. We made it work! We started incorporating Tracks for our set lists - that was an awesome learning curve that also brought a new fullness to our sound and confidence to our then tiny team!! Our tech and camera team really grew over this season, as we had to move our focus to online, which meant upping our excellence and viewing enjoyment! We were finally able to use the LiveStream Audio board that we had

purchased in 2018. Our tech team has grown and new members have really stepped up to hone their skills!

- We started our weekly offerings with Grant Online right as the pandemic hit:
 - 26 weeks of Worship Wednesdays
 - Devo Tuesday
 - Testimony Thursday
 - Friday content from our Family Ministry team

2.5 World Mission & Outreach

- The World Mission Planning Team meets monthly to pray, discern and encourage a world mission emphasis at Grant Memorial
- We are currently working through a review of Grant's World Mission Manual.
- As a church we currently support 18 endorsed missionaries, and we are excited to be adding Mark Dupuis as an endorsed missionary, starting December 1.
- We currently regularly support 7 local organizations and 3 international organizations. This year, we have also decided to renew a partnership with the pastors in Chembulet through 410 Bridge (2-3 year partnership).
- Grant hosted a mission trip to Chembulet, Kenya and LCS lead a trip to Guatemala, both in February.
- We launched CarePortal as a response to the Child Welfare Crisis in Manitoba
- We redeployed staff and formed the COVID Crisis Response Team. The generous support of people at Grant enabled hundreds of Winnipeggers to receive meals, homemade facemasks and needy families received groceries.

3. Finance Report

"..... so that your giving may be in secret. Then your Father, who sees what is done in secret, will reward you." Matthew 6:4

Prepared by: Ademilola Olafusi

3.1 Financial Reports

The following pages and attached schedules will provide an overview of the funds, generously provided through your faithful support, and how these funds were used to grow the kingdom of our God. Also included is the proposed budget for the remaining eight months of the current year which has been previously provided.

The following financial schedules are attached and addressed in this report:

- Schedule A – Statement of Operations for Year End June 30, 2020 – Actual to Budget Comparison
- Schedule B – Five Year Comparative Statement of Operations
- Schedule C – Five Year Comparative Statement of Financial Position
- Schedule D – Proposed Budget for Remaining Eight Months of Year Ending June 30, 2021
- Appendix I – Non-consolidated Audited Financial Statements for the Year Ended June 30, 2020 audited by PricewaterhouseCoopers LLP, Chartered Accountants

3.2 Statement of Operations (Schedules A & B)

Revenue

- General donations of \$2,120,137 were below budget by 16%
- Donations & fees for Sundry programs was \$95,948, donations designated to Missionaries was \$189,609 making a total \$285,557.
- Total revenue of \$2,872,795 is 6.8% lower than previous year and includes \$22,500 in capital donations and \$218,408 in grants income

Expense

- Ministry salary and benefits expenses of \$1,086,403 were below budget by 1% and 5.1% over the previous year
- Programming expenses for ministries activities including Pulpit and special events, Community Care, Music, Adult, Children, Young Adult, Youth and General Ministries of \$270,384 were below budget by 28%. The reduction in expenses compared to budget were as a result of Covid-19 pandemic that resulted in limited onsite programs for the last three months of the year
- Total missions spending includes the operational amount of \$175,720 and the designated amount of \$202,384 (Individuals & missionary organizations, mission projects, and world mission) for a total of \$378,104. Total spending on missions are 12.3% below the previous year
- Auxiliary programs include property rentals and non-donation net revenue of \$174,494
- Property costs of \$421,476 were under budget by \$10,955 (3%), after adjusting for recoveries of \$635,424 (60% of total) from Linden Christian School

- General administration costs of \$433,181 are below budget by \$21,569 (5%).
- Operating expenses of \$2,588,590 were below budget by \$126,396 (5%).

3.3 Comparative Statement of Financial Position (Schedule C)

- The year ended with a cash balance of \$469,113
- Additions to capital assets for the year totaled \$352,008 and include music and multimedia equipment, office renovation, kitchen equipment, and computers. Office renovation was completed for a total of \$282,000
- The outstanding mortgage balance was reduced from \$2,029,838 to \$1,888,863

3.4 Proposed Budget – Eight Months ending June 30, 2021 (Schedule D)

Introduction

Typically, each year during the March through June period, we prepare an annual budget for the upcoming fiscal year beginning in July. This budget is reviewed in detail by the finance committee, approved by the Deacon Board and presented for Member approval at the Spring Members Meeting in June. So normally, the Fall Members Meeting agenda would not include a budget presentation, however as we all know, we are not living in “normal” times.

Back in May and June, we were in the early stages of the COVID-19 pandemic and were just adjusting to the changes in how we as a church operate due to the related public health restrictions. Consequently, given the significant uncertainty at that point due to the pandemic, we presented a budget covering only the first four months of the current fiscal year, the four months ending October 31, 2020. Our hope back in June was that by September and October we might have greater clarity as to the public health environment we would be operating in for the remaining eight months of our fiscal year.

While we may have greater clarity now with regards to some aspects of that environment, events of recent weeks have cast us back into greater uncertainty in other aspects. We have however, based on our knowledge today, prepared a budget for member approval for the period November 1, 2020 to June 30, 2021.

Budget Summary for the Eight Months Ending June 30, 2021

The attached budget summary contains an operating budget for the eight months November 2020 to June 2021. For clarity, we have entitled the budget numbers columns A through C. Column B is the proposed eight-month budget, however to provide some context the proposed eight-month budget is shown together with the approved four-month budget (Column A) to arrive at an annual budget (Column C).

Also included, to assist in understanding, are Columns D through F which provide financial information on the first four months of the current year July through October. Column D reflects a combination of actual operations to the end of September and our current projection for October. Column E is the original four-month budget reflected in Column A. Column F provides the variance from budget we anticipate for that four-month period.

Significant Assumptions

The budget incorporates the following significant assumptions about the eight-month period:

- Some level of public health restrictions on gathering will continue throughout the period. The level of restrictions may decline and/or increase, as we have just experienced, however some level of restrictions will remain, specifically the need to physical distance. Those restrictions will continue to affect the level of onsite gathering that can take place.

- The budget reflects our current staffing compliment, with funding for a new senior or lead pastor beginning in March, 2021. We have not included funding for a replacement Family Ministry Director.
- We will utilize our facility as much as public health restrictions allow, including the continuing operations of LCS onsite for the remainder of the school year.

Eight Month Budget (Column B)

Revenue

- We are budgeting for donation revenue of \$1,462,000 which is less than a 1.0% increase over last year's actual of \$1,450,000 for the same 8-month period. We believe the amount to be conservative given that last year's 8-month period included the months immediately following the departure of both the Executive Pastor and Senior Pastor and also includes almost 4 months at the beginning of the COVID-19 pandemic period.
- While we have not budgeted for any additional COVID-19 related government wage subsidy, we may again qualify for additional amounts, however the level of uncertainty with regard to qualification and subsidy amount is too high to reasonably calculate an amount. You will note that during the first three months of this year, we qualified for approximately \$139,000 more than budgeted for the first four months. (Column F)
- Building rent is rent received from Linden Christian School and is determined as per our lease arrangement.
- Despite having students and teachers on-site each week, the Café in the South Hall remains closed. We hope to begin operations at some point during the year, however that will again be dependent on public health requirements.
- Overall revenues are budgeted at \$1,580,000 for the eight months or \$2,248,000 for the year. The annual budgeted amount reflects an overall decline in revenue of \$110,000 from last year's total, without subsidies, of \$2,358,000.

Expenses

- Ministry expenses are budgeted for \$915,000 or \$1,303,000 for the year. With respect to staffing, as mentioned earlier, we have largely budgeted for our current staffing compliment, with the addition of a Senior Pastor in March. Programming expenses are budgeted to increase during the remaining eight months versus the first four months as we anticipate additional programming to take place as restrictions lift. Our missions budget remains virtually consistent per month with the first four months of the year, and includes all commitments we have made.
- Property expenses reflect the operations of the entire property and building, including the school building. We recover a significant portion (66%) of the overall costs based on a formula which incorporates building ownership, area and usage.
- General Administration staffing costs reflect the current staffing compliment. We have increased the budget for information technology due to the increased need for technology equipment during this period of operating on-line.
- Finance costs include the interest paid on our existing mortgages as well as the bank and financial processing costs incurred due to on-line donations.
- Overall expenses are budgeted at \$1,608,000 for the eight months or \$2,299,000 for the year. The annual budgeted amount reflects an overall decline in expenses of \$279,000 from last year's total \$2,578,000.

Operating Surplus/(Deficit)

An operating deficit of \$28,000 is budgeted for the eight months, which results in a \$51,000 deficit for the entire year. While we generally do not budget for an annual deficit, this year we already have some comfort in knowing that our 4 month budgeted deficit of \$23,000 will actually result in a surplus of approximately \$119,000, which is \$142,000 more than budget. That existing surplus in hand at this point will support us as we ramp up planned ministry activity as public health measure ease, hopefully in the near future.

3.5 Audited Financial Statements (Appendix I)

The Non-consolidated Audited Financial Statements present the financial operations and position as of June 30, 2020 in accordance with Canadian accounting standards for not-for-profit entities. The statements provide detailed information about financial position, operations, cash flow, accounting policies, etc. As much of the financial information provided the Statement of Operations and Financial Position has already been provided in Schedules A, B and C, commentary will focus on some of the other supporting information.

Statement of Cash Flows

- Statement of Cash Flows provides details of our annual operations from a cash perspective.
 - We began the year with cash of \$720,258.
 - The year's operations provided net cash of \$241,838.
 - We retired \$140,975 of long term debt principal
 - We purchased capital assets of \$352,008.
 - We ended the year with \$469,113.
- The largest component of the capital asset addition was the renovation of the church offices, which totalled \$282,000. The remaining additions were office furniture, window coverings, kitchen equipment, production equipment and computer equipment.

Notes to Financial Statements

- Note #4 provides details of our cumulative investment in Capital Assets over the years
- Note #6 provides details of our long term debt, including terms of each of our three mortgages with offsetting maturities. For a number of years, Linden Christian School has provided a guarantee on the church's debt, and as per note #8, the church has provided a similar guarantee on Linden Christian School debt. Recent discussions with our financial institution suggest these cross guarantees may no longer be required, so we are exploring this further with them.
- Note #9 details Related Party transactions which are with Linden Christian School
- Note #10 provides summary financial information for the three entities controlled the church: Linden Christian School Inc., Lindenholt Ministries Inc., and Lindenlake Terrace Inc.
- Note #13 provides detailed information about designated donations received, program fees charged, and expenses incurred in the various Sundry Programs
- Note #14 includes detail of the revenue and expenses resulting from property rentals and the operations of the Café

Schedules and Appendices

Schedule A

Statement of Operations – Actual vs Budget Comparative – June 30, 2020

Grant Memorial Baptist Church Inc.
Statement of Operations - Actual to Budget Comparative
Fiscal Year Ended June 30, 2020

	Total		Operating & Capital Fund			
	Operations	Sundry Prog. Fund	Actual	Budget	Variance	Var %
Revenues						
Donations						
General	\$ 2,120,137	\$ -	\$ 2,120,137	\$ 2,515,378	\$ (395,241)	(16%)
Capital	22,500	-	22,500	-	22,500	
Designated	189,609	189,609	-	-	-	
	2,332,246	189,609	2,142,637	2,515,378	(372,741)	(15%)
Program activities	95,948	95,948	-	-	-	
Grants & Subsidies	218,408	-	218,408	-	218,408	
Other	51,699	-	51,699	29,000	22,699	
	2,698,301	285,557	2,412,744	2,544,378	(131,634)	(5%)
Auxiliary operations (net)						
Rental Income	180,232	-	180,232	186,048	(5,816)	
Café Operations	(5,738)	-	(5,738)	(15,000)	9,262	
	174,494	-	174,494	171,048	3,446	2%
Total Revenue	2,872,795	285,557	2,587,238	2,715,426	(128,188)	(5%)
Expenses						
Ministry						
Salaries & benefits	1,086,403	-	1,086,403	1,095,156	(8,753)	
Programming	270,384	88,447	181,937	252,657	(70,720)	
Supported ministries (Missions)	378,104	202,384	175,720	208,680	(32,960)	
	1,734,891	290,831	1,444,060	1,556,493	(112,433)	(7%)
Property						
Utilities	311,802	-	311,802	311,930	(128)	
Maintenance	711,668	-	711,668	793,103	(81,435)	
Insurance	19,042	-	19,042	21,000	(1,958)	
Property taxes	14,388	-	14,388	20,000	(5,612)	
	1,056,900	-	1,056,900	1,146,033	(89,133)	(8%)
Less: Cost recovery from LCS	(635,424)	-	(635,424)	(713,602)	78,178	
	421,476	-	421,476	432,431	(10,955)	(3%)
General Administration						
Salaries & benefits	347,678	-	347,678	324,500	23,178	
Office & printing	51,012	-	51,012	67,250	(16,238)	
Advertising	9,396	-	9,396	8,000	1,396	
Professional fees	25,095	-	25,095	55,000	(29,905)	
	433,181	-	433,181	454,750	(21,569)	(5%)
Interest	73,969	-	73,969	68,042	5,927	9%
Financial processing fees	26,232	-	26,232	27,000	(768)	(3%)
Amortization	189,672	-	189,672	176,270	13,402	
Total Expense	2,879,421	290,831	2,588,590	2,714,986	(126,396)	(5%)
Operating Surplus/(Deficit)	\$ (6,626)	\$ (5,274)	\$ (1,352)	\$ 440	\$ (1,792)	

Schedule B

Statement of Operations – Five Year Comparative

Grant Memorial Baptist Church Inc.
Comparative Statement of Operations
All Funds

	Actual For Fiscal Year Ended June 30					2019 to 20 Change	
	2016	2017	2018	2019	2020	Amount	%
Revenue							
Donations							
General	\$ 2,095,606	\$ 2,228,857	\$ 2,308,857	\$ 2,511,195	\$ 2,120,137	\$ (391,058)	(16%)
Special & capital	116,588	13,913	38,515	68,927	22,500	(46,427)	
Designated	242,255	378,264	210,592	242,034	189,609	(52,425)	
	<u>2,458,449</u>	<u>2,625,534</u>	<u>2,557,964</u>	<u>2,822,156</u>	<u>2,332,246</u>	<u>(489,910)</u>	(17%)
Program activities	61,406	102,625	61,378	54,403	95,948	41,545	
Grants & subsidies	-	-	-	-	218,408	218,408	
Others	21,537	52,722	28,929	29,484	51,699	22,215	
	<u>2,541,392</u>	<u>2,780,881</u>	<u>2,648,271</u>	<u>2,906,043</u>	<u>2,698,301</u>	<u>(207,742)</u>	(7%)
Auxiliary operations (net)							
Rental Income	172,513	182,893	171,677	185,374	180,232	(5,142)	
Café & Kitchen Operations	(15,092)	(11,319)	(8,537)	(8,630)	(5,738)	2,892	
	<u>157,421</u>	<u>171,574</u>	<u>163,140</u>	<u>176,744</u>	<u>174,494</u>	<u>(2,250)</u>	
Total Revenue	2,698,813	2,952,455	2,811,411	3,082,787	2,872,795	(209,992)	(7%)
Expenses							
Ministry							
Salaries & benefits	982,579	902,380	979,029	1,033,769	1,086,403	52,634	5%
Programming	240,804	210,604	256,684	244,913	270,384	25,471	10%
Supported ministries (Missioi	411,911	555,677	381,057	431,222	378,104	(53,118)	(12%)
	<u>1,635,294</u>	<u>1,668,661</u>	<u>1,616,770</u>	<u>1,709,904</u>	<u>1,734,891</u>	<u>24,987</u>	1%
Property							
Utilities	250,691	262,986	264,592	301,897	311,802	9,905	
Maintenance	827,346	912,762	895,968	1,018,128	711,668	(306,460)	
Insurance	39,347	18,220	16,586	16,663	19,042	2,379	
Property taxes	23,663	25,528	19,189	15,189	14,388	(801)	
	<u>1,141,047</u>	<u>1,219,496</u>	<u>1,196,335</u>	<u>1,351,877</u>	<u>1,056,900</u>	<u>(294,977)</u>	(22%)
Less: Cost recovery from LC:	(807,273)	(861,867)	(869,231)	(956,889)	(635,424)	321,465	(34%)
	<u>333,774</u>	<u>357,629</u>	<u>327,104</u>	<u>394,988</u>	<u>421,476</u>	<u>26,488</u>	7%
General Administration							
Salaries & benefits	265,099	303,703	386,293	305,749	347,678	41,929	
Office & printing	46,490	35,043	30,449	35,026	51,012	15,986	
Advertising	12,226	13,803	12,244	6,407	9,396	2,989	
Professional fees	20,865	33,834	68,169	57,186	25,095	(32,091)	
	<u>344,680</u>	<u>386,383</u>	<u>497,155</u>	<u>404,368</u>	<u>433,181</u>	<u>28,813</u>	7%
Interest	93,580	84,960	88,950	76,847	73,969	(2,878)	(4%)
Financial processing fees	16,220	21,666	18,908	21,734	26,232	4,498	21%
Amortization	201,735	177,713	178,002	173,975	189,672	15,697	
Total Expense	2,625,283	2,697,012	2,726,889	2,781,816	2,879,421	97,605	4%
Operating Surplus/(Deficit)	\$ 73,530	\$ 255,443	\$ 84,522	\$ 300,971	\$ (6,626)	\$(307,597)	
Reconciliation to Cash							
Operating Surplus/(Deficit)	73,530	255,443	84,522	300,971	(6,626)	(307,597)	
Amortization	201,735	177,713	178,002	173,975	189,672	15,697	
Cash from Operations	275,265	433,156	262,524	474,946	183,046	(291,900)	
Mortgage Principal Payment	(123,304)	(129,274)	(135,281)	(138,097)	(140,975)	(140,975)	
Recovery from Related Party	-	100,000	-	-	-	-	
Free Cash Flow	\$ 151,961	\$ 403,882	\$ 127,243	\$ 336,849	\$ 42,071	\$(432,875)	

Schedule C

Statement of Financial Position – Five Year Comparative

Grant Memorial Baptist Church Inc.
Comparative Statement of Financial Position
At Fiscal Year Ended June 30

	At Fiscal Year ended June 30				
	2016	2017	2018	2019	2020
Assets					
Current					
Cash & short term investments	\$ 498,361	\$ 673,548	\$ 599,015	\$ 720,258	\$ 469,113
Accounts receivable	8,696	29,403	44,557	34,069	74,042
Due from related parties	5,719	43,603	172,552	137,497	47,260
Prepaid expenses	9,596	8,917	11,342	15,255	11,283
	<u>522,372</u>	<u>755,471</u>	<u>827,466</u>	<u>907,079</u>	<u>601,698</u>
Long Term					
Capital assets	<u>9,379,793</u>	<u>9,343,431</u>	<u>9,346,310</u>	<u>9,273,350</u>	<u>9,435,686</u>
Total Assets	<u>9,902,165</u>	<u>10,098,902</u>	<u>10,173,776</u>	<u>10,180,429</u>	<u>10,037,384</u>
Liabilities & Equity					
Liabilities					
Current					
Accounts payable & accrued liab.	161,761	212,809	276,033	184,825	182,805
Due to related parties	83,083	2,603	65,013	-	6,576
	<u>244,844</u>	<u>215,412</u>	<u>341,046</u>	<u>184,825</u>	<u>189,381</u>
Long term					
Mortgages	2,432,490	2,303,216	2,167,935	2,029,838	1,888,863
	<u>2,677,334</u>	<u>2,518,628</u>	<u>2,508,981</u>	<u>2,214,663</u>	<u>2,078,244</u>
Members Equity					
General Fund	180,716	411,882	355,179	588,008	275,345
Capital Fund	6,947,303	7,040,215	7,178,375	7,243,512	7,554,823
Sundry Programs (Central) Fund	96,812	128,177	131,241	134,246	128,972
	<u>7,224,831</u>	<u>7,580,274</u>	<u>7,664,795</u>	<u>7,965,766</u>	<u>7,959,140</u>
Total Liabilities & Equity	<u>\$ 9,902,165</u>	<u>\$10,098,902</u>	<u>\$10,173,776</u>	<u>\$10,180,429</u>	<u>\$10,037,384</u>

Schedule D

Proposed Budget for Remaining Eight Months of Year Ending June 30, 2021

**Grant Memorial Baptist Church
Proposed Operating Budget
Eight Months Ending June 30, 2021**

	A	B	C	D	E	F
	Budget			4 Months Ended October 31, 2020		
	Approved 4 Month Jul-Oct	Proposed 8 Month Nov-Jun	Total Annual Budget	Actual & Projected	Approved 4 Mo. Budget	Projected Variance
Revenue						
General Donations	603,000	1,462,000	2,065,000	566,681	603,000	(36,319)
Grants & Subsidies	8,000	-	8,000	147,164	8,000	139,164
Other	1,200	2,400	3,600	1,401	1,200	201
	612,200	1,464,400	2,076,600	715,246	612,200	103,046
Net Auxiliary Operations						
Building Rent	58,000	122,000	180,000	69,311	58,000	11,311
Café Operations	(2,527)	(5,862)	(8,389)	(3,199)	(2,527)	(672)
	55,473	116,138	171,611	66,111	55,473	10,638
Total Revenue	667,673	1,580,538	2,248,211	781,358	667,673	113,685
Expenses						
Ministry						
Ministry Staff	287,924	674,641	962,565	285,787	287,924	(2,137)
Programming	38,133	124,600	162,733	37,074	38,133	(1,060)
Missions	61,560	115,720	177,280	58,798	61,560	(2,762)
	387,617	914,961	1,302,578	381,658	387,617	(5,959)
Property						
Utilities	87,800	210,500	298,300	84,846	87,800	(2,954)
Property Staff	102,749	261,137	363,886	109,570	102,749	6,822
Maintenance	59,307	190,947	250,253	40,259	59,307	(19,047)
Insurance	6,511	13,528	20,039	6,511	6,511	-
Property Tax	4,228	9,200	13,428	4,192	4,228	(36)
Gross Property Expenses	260,594	685,311	945,906	245,378	260,594	(15,216)
Recoveries from LCS	(170,470)	(451,644)	(622,114)	(173,964)	(170,470)	(3,494)
	90,124	233,668	323,792	71,414	90,124	(18,710)
General Administration						
Administrative Staff	110,493	208,676	319,168	101,323	110,493	(9,170)
Information Technology	8,800	18,800	27,600	5,103	8,800	(3,697)
Office	5,000	25,900	30,900	12,137	5,000	7,137
Legal & Professional	1,000	20,000	21,000	401	1,000	(599)
	125,293	273,376	398,668	118,964	125,293	(6,329)
Finance						
Financial Processing & Bank Fees	6,252	22,207	28,459	9,003	6,252	2,751
Mortgage Interest	23,200	45,200	68,400	23,110	23,200	(90)
	29,452	67,407	96,859	32,112	29,452	2,660
Amortization	58,667	120,344	179,011	59,057	58,667	391
Total Operating Expenses	691,153	1,609,755	2,300,908	663,207	691,153	(27,946)
Operating Surplus/(Deficit)	(23,480)	(29,217)	(52,697)	118,151	(23,480)	141,631
Reconciliation to Cash						
Operating Surplus/(Deficit)	(23,480)	(29,217)	(52,697)	118,151	(23,480)	141,631
Amortization	58,667	120,344	179,011	59,057	58,667	391
Cash from Operations	35,187	91,127	126,314	177,209	35,187	142,021
Mortgage Principal Payment	(49,000)	(100,960)	(149,960)	(49,970)	(49,000)	(970)
Free Cash Flow	(13,813)	(9,833)	(23,646)	127,238	(13,813)	141,051
Capital & Other						
Underpass Easement Compensation	-	288,460	288,460	-	-	-
Capital Expenditures						
Equipment	-	-	-	(16,703)	-	(16,703)
Missions Wall	-	(20,000)	(20,000)	-	-	-
	-	268,460	268,460	(16,703)	-	(16,703)
Net Cashflow	(13,813)	258,627	244,814	110,535	(13,813)	124,348

**Grant Memorial Baptist
Church Inc.**

Non-consolidated Financial Statements
June 30, 2020



Independent auditor's report

To the Deacon Board of Grant Memorial Baptist Church Inc.

Our qualified opinion

In our opinion, except for the possible effects of the matter described in the *Basis for qualified opinion* section of our report, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of Grant Memorial Baptist Church Inc. (the Church) as at June 30, 2020 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.

What we have audited

The Church's non-consolidated financial statements comprise:

- the non-consolidated statement of financial position as at June 30, 2020;
- the non-consolidated statement of changes in fund balances for the year then ended;
- the non-consolidated statement of operations for the year then ended;
- the non-consolidated statement of cash flows for the year then ended; and
- the notes to the non-consolidated financial statements, which include a summary of significant accounting policies.

Basis for qualified opinion

In common with many not-for-profit organizations, the Church derives revenues from cash donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Church. Therefore, we were not able to determine whether any adjustments might be necessary to operating fund general donations revenue, excess of revenue (expenses) for the year and cash flows from operating activities for the years ended June 30, 2020 and 2019, current assets as at June 30, 2020 and 2019 and fund balances as at the beginning and the end of the years ended June 30, 2020 and 2019. Our audit opinion on the non-consolidated financial statements for the year ended June 30, 2019 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the non-consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

PricewaterhouseCoopers LLP
One Lombard Place, Suite 2300, Winnipeg, Manitoba, Canada R3B 0X6
T: +1 204 926 2400, F: +1 204 944 1020

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Independence

We are independent of the Church in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of management and those charged with governance for the non-consolidated financial statements

Management is responsible for the preparation and fair presentation of the non-consolidated 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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated 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 non-consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Church to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Church to express an opinion on the non-consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Winnipeg, Manitoba
October 6, 2020

Grant Memorial Baptist Church Inc.
 Non-consolidated Statement of Financial Position
 As at June 30, 2020

	2020			2019	
	Operating Fund \$	Capital Fund \$	Subtotal \$	Sundry Programs Fund \$	Total \$
Assets					
Current assets					
Cash	469,113	-	469,113	-	720,258
Accounts receivable	74,042	-	74,042	-	34,069
Due from related parties (note 9)	47,260	-	47,260	-	137,497
Prepaid expenses	11,283	-	11,283	-	15,255
Due from other funds	601,698	-	601,698	-	907,079
Capital assets (note 4)	-	8,000	-	128,972	-
	-	9,435,686	9,435,686	-	9,273,350
Liabilities and Fund Balances					
Current liabilities					
Accounts payable and accrued liabilities	107,778	-	107,778	-	103,703
Accrued vacation pay	75,027	-	75,027	-	81,122
Due to related parties (note 9)	6,576	-	6,576	-	-
Current portion of long-term debt (note 6)	-	736,060	736,060	-	1,415,333
Due to other funds	189,381	736,060	925,441	-	1,600,158
Long-term debt (note 6)	136,972	-	128,972	-	-
	-	1,152,803	1,152,803	-	614,505
Fund balances					
Invested in capital assets	326,353	1,888,863	2,207,216	-	2,214,663
Externally restricted	-	7,554,823	7,554,823	-	7,243,512
Unrestricted	275,345	-	275,345	128,972	134,246
	275,345	7,554,823	7,830,168	128,972	588,008
Commitments and contingencies (note 8)					
	601,698	9,443,686	10,037,384	128,972	10,180,429

Approved by the Board of Directors



Director

Director

The accompanying notes are an integral part of these non-consolidated financial statements.

Grant Memorial Baptist Church Inc.

Non-consolidated Statement of Changes in Fund Balances
For the year ended June 30, 2020

	2020			2019	
	Operating Fund \$	Capital Fund \$	Subtotal \$	Sundry Programs Fund \$ (note 13)	Total \$
Fund balance – Beginning of year	588,008	7,243,512	7,831,520	134,246	7,965,766
Excess of revenue (expenses) for the year	239,789	(241,141)	(1,352)	(5,274)	300,971
Interfund transfers (note 11)	(552,452)	552,452	-	-	-
Fund balance – End of year	275,345	7,554,823	7,830,168	128,972	7,959,140
					7,965,766

The accompanying notes are an integral part of these non-consolidated financial statements.

Grant Memorial Baptist Church Inc.
Non-consolidated Statement of Operations
For the year ended June 30, 2020

	2020				2019			
	Operating Fund \$	Capital Fund \$	Subtotal \$	Sundry Programs Fund \$	Total \$	Total \$	Total \$	Total \$
Revenue								
Donations								
General	2,120,137	-	2,120,137	-	2,120,137	2,511,195	2,511,195	2,511,195
Capital	-	22,500	22,500	-	22,500	68,927	68,927	68,927
Designated	-	-	-	189,609	189,609	242,034	242,034	242,034
Program activities	2,120,137	22,500	2,142,637	189,609	2,332,246	2,822,156	2,822,156	2,822,156
Grants (note 12)	-	-	-	95,948	95,948	54,403	54,403	54,403
Other	218,408	-	218,408	-	218,408	-	-	-
	51,699	-	51,699	-	51,699	29,484	29,484	29,484
	2,390,244	22,500	2,412,744	285,557	2,698,301	2,906,043	2,906,043	2,906,043
Expenses								
Ministries								
Salaries and benefits	1,086,403	-	1,086,403	-	1,086,403	1,033,769	1,033,769	1,033,769
Programming	181,937	-	181,937	88,447	270,384	244,913	244,913	244,913
Supported ministries (missions)	175,720	-	175,720	202,384	378,104	431,222	431,222	431,222
	1,444,060	-	1,444,060	290,831	1,734,891	1,709,904	1,709,904	1,709,904
Property costs								
Utilities	311,802	-	311,802	-	311,802	301,897	301,897	301,897
Maintenance	711,668	-	711,668	-	711,668	1,018,128	1,018,128	1,018,128
Insurance	19,042	-	19,042	-	19,042	16,663	16,663	16,663
Property taxes	14,388	-	14,388	-	14,388	15,189	15,189	15,189
	1,056,900	-	1,056,900	-	1,056,900	1,351,877	1,351,877	1,351,877
	(635,424)	-	(635,424)	-	(635,424)	(956,889)	(956,889)	(956,889)
Less: Cost recovery from Linden Christian School Inc. (note 9)	421,476	-	421,476	-	421,476	394,988	394,988	394,988
General administration								
Salaries and benefits	347,678	-	347,678	-	347,678	305,749	305,749	305,749
Office and printing	51,012	-	51,012	-	51,012	35,026	35,026	35,026
Advertising	9,396	-	9,396	-	9,396	6,407	6,407	6,407
Professional fees	25,095	-	25,095	-	25,095	57,186	57,186	57,186
	433,181	-	433,181	-	433,181	404,368	404,368	404,368
Other expenses								
Interest	-	73,969	73,969	-	73,969	76,847	76,847	76,847
Financial processing fees	26,232	-	26,232	-	26,232	21,734	21,734	21,734
Amortization	-	189,672	189,672	-	189,672	173,975	173,975	173,975
	26,232	263,641	289,873	-	289,873	272,556	272,556	272,556
	2,324,949	263,641	2,588,590	290,831	2,879,421	2,781,816	2,781,816	2,781,816
Excess of revenue (expenses) before the following	65,295	(241,141)	(175,846)	(5,274)	(181,120)	124,227	124,227	124,227
Auxiliary service operations – net (note 14)	174,494	-	174,494	-	174,494	176,744	176,744	176,744
Excess of revenue (expenses) for the year	239,789	(241,141)	(1,352)	(5,274)	(6,626)	300,971	300,971	300,971

The accompanying notes are an integral part of these non-consolidated financial statements.

Grant Memorial Baptist Church Inc.

Non-consolidated Statement of Cash Flows

For the year ended June 30, 2020

	2020	2019	
	Operating Fund \$	Capital Fund \$	Subtotal \$
		Sundry Programs Fund \$	Total \$
Cash provided by (used in)			
Operating activities			
Excess of revenue (expenses) for the year	239,789	(241,141)	(1,352)
Item not affecting cash			
Amortization	-	189,672	189,672
			173,975
Change in non-cash working capital items			
	239,789	(51,469)	188,320
	(490,934)	544,452	53,518
			5,274
	(251,145)	492,983	241,838
			-
			241,838
Financing activities			
Repayment of long-term debt	-	(140,975)	(140,975)
			-
			(140,975)
Investing activities			
Purchase of capital assets	-	(352,008)	(352,008)
			-
			(101,015)
Increase (decrease) in cash during the year	(251,145)	-	(251,145)
Cash – Beginning of year	720,258	-	720,258
Cash – End of year	469,113	-	469,113
			720,258

The accompanying notes are an integral part of these non-consolidated financial statements.

Grant Memorial Baptist Church Inc.

Notes to Non-consolidated Financial Statements

June 30, 2020

1 Incorporation and purpose

Grant Memorial Baptist Church Inc. (the Church) is a Bible-centred church known for its emphasis on teaching the Scriptures, its choice of traditional and contemporary worship, its strong sense of community and its commitment to reach beyond its walls. The Church is a not-for-profit organization and is a registered charity under the Income Tax Act. It was incorporated without share capital under Articles of Continuance in The Corporations Act of Manitoba on June 3, 2009.

2 Basis of presentation

These non-consolidated financial statements are prepared in accordance with accounting standards for not-for-profit organizations (ASNPO).

3 Summary of significant accounting policies

Fund accounting

The accounts of the Church are maintained in accordance with the principles of fund accounting. Fund accounting is a procedure whereby a self-balancing group of accounts is provided for each accounting fund established by the Church.

For financial reporting purposes, the accounts have been classified into three funds. The activities carried out by each fund are as follows:

- Operating Fund – reports the assets, liabilities, revenue and expenses related to general and auxiliary operations.
- Capital Fund – reports the acquisition, disposition, amortization and liabilities related to capital assets.
- Sundry Programs Fund – reports the assets, liabilities, revenue and expenses related to special ministry events, groups and programs, which are largely self-funded through designated donations and program revenues.

Revenue recognition

The Church follows the restricted fund method of accounting for contributions. Unrestricted amounts are recognized as revenue in the Operating Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted amounts related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted amounts are recognized as revenue in the appropriate restricted fund.

Sundry program activities and auxiliary services revenue are recognized in the fiscal year to which they relate.

Grant Memorial Baptist Church Inc.

Notes to Non-consolidated Financial Statements

June 30, 2020

Capital assets

Capital assets are recorded at cost and are amortized, after adjusting for estimated residual value, over their estimated useful lives using the declining balance method with the half-year rule applied to acquisitions, at the following rates:

Site improvements	5%
Furnishings and equipment	10%
Computer equipment	33%
Computer software	50%

The building is amortized on a straight-line basis over 40 years with certain building renovations amortized on a declining balance basis at the rate of 7.5% per year.

Contributed capital assets are recorded at fair value on the date of contribution.

Non-consolidation of controlled organizations

The Church controls three not-for-profit organizations as detailed in note 10. These non-consolidated financial statements have been prepared on a non-consolidated basis.

Contributed services

Volunteers are an integral part of carrying out the activities of the Church. Contributed services are not recognized in the financial statements due to the difficulty in determining their fair value.

Financial instruments

Measurement of financial instruments

The Church initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. The Church subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets and financial liabilities measured at amortized cost include cash, accounts receivable, accounts payable and accrued liabilities, accrued vacation pay, due to (from) related parties and long-term debt.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the non-consolidated statement of operations. When events occurring after the impairment confirm a reversal is necessary, the reversal is recognized in the non-consolidated statement of operations.

Grant Memorial Baptist Church Inc.

Notes to Non-consolidated Financial Statements

June 30, 2020

Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the non-consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

4 Capital assets

			2020	2019
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Land	676,152	-	676,152	676,152
Site improvements	591,952	363,940	228,012	240,013
Building	9,051,659	1,280,210	7,771,449	7,579,906
Furnishings and equipment	2,369,208	1,630,860	738,348	752,391
Computer equipment and software	137,148	115,423	21,725	24,888
	12,826,119	3,390,433	9,435,686	9,273,350

In addition to the capital assets listed above, the Church has legal title to classroom buildings that have been added since 1993 by Linden Christian School Inc. (the School) onto the property owned by the Church. The cost of these additions made over the years total \$11.8 million. As the School has financed and operates these capital assets for its own beneficial interest, these assets have been recorded on the financial statements of the School and are not reflected above.

5 Credit facility

The Church has a \$200,000 line of credit facility available bearing interest at bank prime plus 1.5%, secured by a line of credit agreement. As at June 30, 2020 and 2019, the Church had not utilized any portion of the line of credit.

Grant Memorial Baptist Church Inc.

Notes to Non-consolidated Financial Statements

June 30, 2020

6 Long-term debt

	2020 \$	2019 \$
Mortgage, due January 1, 2022, bearing interest at 3.9%, secured by a demand promissory note, repayable in monthly principal and interest payments of \$6,090	614,517	662,766
Mortgage, due April 1, 2021, bearing interest at 3.55%, secured by a demand promissory note, repayable in monthly principal and interest payments of \$5,914	637,364	681,747
Mortgage, due May 31, 2023, bearing interest at 3.65%, secured by a demand promissory note, repayable in monthly principal and interest payments of \$5,908	636,982	685,325
	<hr/>	<hr/>
	1,888,863	2,029,838
Less: Current portion	(736,060)	(1,415,333)
	<hr/>	<hr/>
	1,152,803	614,505
	<hr/>	<hr/>

A general security agreement over all the assets of the Church and the School, and an assignment of fire insurance have been given as collateral for the mortgages payable. The mortgages are also secured by a guarantee of the School for the full value of the indebtedness of the Church.

Interest on long-term debt, which is being expensed in the Capital Fund, for the year ended June 30, 2020 amounted to \$73,969 (2019 – \$76,847).

Based on current terms, the aggregate of principal payments required and mortgage balances coming due in each of the next three years is:

	\$
2021	736,060
2022	614,595
2023	538,208
	<hr/>
	1,888,863
	<hr/>

Based on the assumption that the mortgages are renewed when they come due at similar terms and rates, the estimated aggregate principal payments to be made in the year ending June 30, 2021 would be \$147,762.

Grant Memorial Baptist Church Inc.

Notes to Non-consolidated Financial Statements

June 30, 2020

7 Group RRSP

The Church sponsors a voluntary defined contribution group RRSP for eligible employees. The Church currently matches participants' contributions up to a maximum of 5% of participants' earnings depending on length of service with the Church. Matching contributions of \$31,023 (2019 – \$47,612) have been expensed during the year and are included in salaries and benefits.

8 Commitments and contingencies

The Church is committed under operating leases for office equipment, with minimum lease payments over the next three years as follows:

	\$
2021	18,365
2022	16,417
2023	16,417

The Church has provided an unlimited guarantee against the mortgages held by the School, which at June 30, 2020 was \$2,442,877 (2019 – \$2,784,385).

9 Related party transactions

Related party transactions with subsidiary organizations of the Church are included in the non-consolidated financial statements at the exchange amounts as follows:

	2020 \$	2019 \$
Current assets		
Due from related parties	47,260	137,497
Current liabilities		
Due to related parties	6,576	-
Auxiliary services revenue		
Rent	183,048	183,048
Cost recovery		
Property costs	635,424	956,889
Café recovery	5,738	5,287
Expenses		
Contract services	1,375	39,591

Grant Memorial Baptist Church Inc.

Notes to Non-consolidated Financial Statements

June 30, 2020

10 Non-consolidation of controlled organizations

The Church controls Linden Christian School Inc., Lindenholt Ministries Inc. and Lindenlake Terrace Inc. by virtue of the fact that the members of the Deacon Board of the Church are the only members of these organizations.

Linden Christian School Inc. operates an independent school for early years through senior years school-aged children on property owned by and in facilities attached to the Church. It is a not-for-profit organization, incorporated without share capital under The Corporations Act of Manitoba and is a tax-exempt registered charity under the Income Tax Act.

Lindenholt Ministries Inc. owns, manages and maintains residential housing properties for seniors on property adjacent to the Church, which was formerly owned by the Church. It is a not-for-profit organization, incorporated without share capital under The Corporations Act of Manitoba and is tax exempt under the Income Tax Act.

Lindenlake Terrace Inc. manages and maintains residential housing properties for seniors through the acquisition of leasehold interests in a housing complex owned by Lindenholt Ministries Inc. It is a not-for-profit organization, incorporated without share capital under The Corporations Act of Manitoba and is tax exempt under the Income Tax Act.

Linden Christian School Inc., Lindenholt Ministries Inc. and Lindenlake Terrace Inc. have not been consolidated in the Church's non-consolidated financial statements. Financial statements of these organizations have been prepared and issued to their members. Financial summaries of these organizations as at their respective year-ends are as follows:

Linden Christian School Inc.

	2020 \$	2019 \$
Financial position – as at June 30		
Total assets	14,213,026	13,403,603
Total liabilities	6,081,911	6,453,474
Total fund balances	<u>8,131,115</u>	<u>6,950,129</u>
Results of operations – for the year ended June 30		
Total revenue	12,150,395	11,747,630
Total expenses	10,969,409	10,867,355
Excess of revenue for the year	<u>1,180,986</u>	<u>880,275</u>
Cash flows – for the year ended June 30		
Cash from operating activities	1,659,453	1,373,059
Cash used in financing and investing activities	(887,671)	(1,341,463)
Increase in cash	<u>771,782</u>	<u>31,596</u>

Grant Memorial Baptist Church Inc.

Notes to Non-consolidated Financial Statements

June 30, 2020

Lindenholm Ministries Inc.

	2019 \$	2018 \$
Financial position – as at December 31		
Total assets	1,370,526	1,253,252
Total liabilities	512,694	481,034
Fund balances	<u>857,832</u>	<u>772,218</u>
Results of operations – for the year ended December 31		
Total revenue	978,191	1,139,667
Total expenses	892,577	1,019,500
Excess of revenue for the year	<u>85,614</u>	<u>120,167</u>
Cash flows – for the year ended December 31		
Cash from (used in) operating activities	<u>115,124</u>	<u>(27,891)</u>
Increase (decrease) in cash	<u>115,124</u>	<u>(27,891)</u>

Lindenlake Terrace Inc.

	2019 \$	2018 \$
Financial position – as at December 31		
Total assets	1,698,390	1,776,046
Total liabilities	1,584,801	1,606,602
Fund balances	<u>113,589</u>	<u>169,444</u>
Results of operations – for the year ended December 31		
Total revenue	370,036	380,204
Total expenses	425,891	464,857
Deficiency of revenue for the year	<u>(55,855)</u>	<u>(84,653)</u>
Cash flows – for the year ended December 31		
Cash used in operating activities	(43,976)	(270,883)
Cash from (used in) financing and investing activities	<u>(12,130)</u>	<u>291,011</u>
Increase (decrease) in cash	<u>(56,106)</u>	<u>20,128</u>

Grant Memorial Baptist Church Inc.

Notes to Non-consolidated Financial Statements

June 30, 2020

11 Interfund transfer

The interfund transfer is comprised of the following:

	2020	2019
	\$	\$
Repayment of long-term debt	140,975	138,097
Purchase of capital assets	352,008	101,015
Interest on long-term debt	73,969	76,847
Less: Capital fund revenue	(14,500)	(68,927)
	<u>552,452</u>	<u>247,032</u>

12 Financial instruments

Credit risk

Credit risk is the risk one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. It is management's opinion that the Church is not exposed to significant credit risk from financial instruments.

Liquidity risk

Liquidity risk is the risk the Church will not be able to meet its financial obligations associated with financial liabilities. During the year, the outbreak of the novel strain of coronavirus, specifically identified as COVID-19, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. Management expects the Church to be able to meet its financial obligations in the foreseeable future. While the Church is addressing the current challenges and has applied for wage subsidies in the amount of \$208,000 during the year (of which \$63,000 was receivable at June 30, 2020 and received subsequent to year end), it is not possible to reliably estimate the length and severity of these developments and the impact on the liquidity, financial results and condition of the Church in future periods.

Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes in the Church's cash flow. The Church is exposed to interest rate risk as its mortgages and line of credit facility bear interest at fixed rates.

Grant Memorial Baptist Church Inc.

Notes to Non-consolidated Financial Statements

June 30, 2020

13 Sundry programs fund

Activity includes the following:

	Balance – June 30, 2019 \$	Donation revenue \$	Program revenue \$	Expenses \$	Balance – June 30, 2020 \$
Program activities					
125 th Anniversary CD and resources	- 39	- -	51,951 -	51,951 -	- 39
Choirs and music groups	5,151	3,644	540	2,700	6,635
Chinese ministries	3,791	100	-	-	3,891
Fellowship fund	11,242	11,602	-	5,909	16,935
Library	82	25	-	-	107
Men's ministries Seniors' ministries	376 517	- 308	1,955 2,785	2,331 3,114	- 496
Special projects Spring lectureship	10,707 754	- -	(10,688) -	19 -	2 754
Women's ministries	3,481	-	15,853	16,204	3,130
Young adults	-	-	5,550	3,417	2,131
Youth	2,814	600	805	4,219	-
	<u>38,954</u>	<u>16,279</u>	<u>68,751</u>	<u>89,864</u>	<u>34,120</u>
Mission activities					
Supported					
missionaries	-	133,234	14,001	132,395	14,840
Mission projects	76,652	40,096	3,215	61,745	58,218
World missions	18,640	-	9,129	6,142	21,627
Youth trip	-	-	852	685	167
	<u>95,292</u>	<u>173,330</u>	<u>27,197</u>	<u>200,967</u>	<u>94,852</u>
	<u>134,246</u>	<u>189,609</u>	<u>95,948</u>	<u>290,831</u>	<u>128,972</u>

Grant Memorial Baptist Church Inc.

Notes to Non-consolidated Financial Statements

June 30, 2020

14 Auxiliary service operations

Activity includes the following:

			2020	2019
	Café \$	Property rentals \$	Total \$	Total \$
Revenue				
Sales and services	101,266	-	101,266	142,867
Internal rentals	-	183,048	183,048	183,048
External rentals	-	1,740	1,740	5,626
	101,266	184,788	286,054	331,541
Direct expenses				
Purchased services and supplies	108,727	4,556	113,283	155,769
Office and promotion	4,015	-	4,015	4,315
Café recovery (note 9)	(5,738)	-	(5,738)	(5,287)
	107,004	4,556	111,560	154,797
Excess of revenue (expenses)	(5,738)	180,232	174,494	176,744