



Financial Reports

July 1, 2018 – June 30, 2019 – Actual
July 1, 2019 – June 30, 2020 – Budget

Treasurer's Report

Actual Results for the year ended June 30, 2019

On behalf of your board of elders and staff, I sincerely thank you for faithfully partnering in ministry through your prayers, serving in ministry and financial giving this past year. Once again, our church family has demonstrated its ongoing commitment to living out our value of generosity. We are truly grateful for God's provision that has allowed Emmanuel to continue to offer our many ministries and programs, benefiting both our own congregation and the community. Because of your faithful giving, Emmanuel can continue to carry out its mission "To fully love God and all people for God's Kingdom, pleasure and glory". Points of interest related to the audited financial statements are detailed below.

Revenue:

Total operating, capital, and designated ministries funds donations, as well as sundry income items, was \$886,707 for the year, an increase of \$27,657 over the prior year.

General Operating Fund:

- Total Operating Revenue increased approximately 6% for a total of \$736,096. This amount was comprised of general donations to the Operating Fund of \$726,743 (an increase of 5.8%) and income from internally generated sources totaling \$9,353.
- Total Operating Expenditures, primarily comprised of personnel, facility and ministry costs decreased by \$11,948 (1.6%) for a total of \$714,454.
- The resultant surplus in the operating fund for the year ending June 30, 2019 was \$21,642. The surplus was first applied to eliminate the prior year's operating deficit of \$10,485. The Board also approved transferring the remaining surplus of \$11,157 to the internally restricted operating reserve fund. Emmanuel's Policy dictates that the internally restricted operating reserve fund balance is to be maintained at a minimum of 5% to a maximum of 10% of the previous year's actual operating donations total. As the minimum reserve requirement of \$34,346 was not met (shortfall of \$23,189), the board was only able to transfer the reserve balance of \$11,157 to the internally restricted operating reserve fund.

Capital Fund:

- Total donations to the capital fund were \$113,838, a decrease of \$13,087 over the prior year.
- Investment income and the unrealized gain on marketable securities totaled \$1,272
- Expenditures in the year totaled \$308,482 and included major capital repairs to the building (\$297,318), annual depreciation (\$5,231) plus the legal fees and interest costs (\$5,933) related to the CBWC Foundation loan. The result was a \$193,372 deficit in the fund for the year.
- At June 30, 2018, the capital fund had an ending balance of \$208,986. This balance was reduced to \$15,614 at June 30, 2019. The \$15,614 was made up of netbook value of capital assets of \$70,797 less the CBWC loan balance of \$46,890 and the deficit position of the externally restricted capital fund of \$8,293 (see Note 7 on page 12 of the audited financial statements).

Restricted Funds:

- Total restricted fund donations were \$36,191, a decrease of \$2,223 (5.8%) over the prior year. The decrease is mainly due to the decrease in donations to CBM for the Derksens who returned to Canada in the summer of 2018.
- A breakdown of the donations and related disbursements for the designated ministries are reported in Schedule 2 – Restricted Funds on page 8 of the audited financial statements.

EMMANUEL BAPTIST CHURCH

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019





INDEPENDENT AUDITORS' REPORT

To the Members of
Emmanuel Baptist Church

Qualified Opinion

We have audited the accompanying financial statements of Emmanuel Baptist Church, which comprise the statement of financial position as at June 30, 2019 and the statements of revenue and expenditures, changes in fund balances and cash flows and schedules for the year then ended, along with the summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* paragraph, the financial statements present fairly, in all material respects, the financial position of Emmanuel Baptist Church as at June 30, 2019 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the church derives revenue from the general public in the form of donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of revenue was limited to the amounts recorded in the records of the church and we were not able to determine whether any adjustments might be necessary to revenue, excess (deficiency) of revenue over expenditures for the year, assets and fund balances.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Emmanuel Baptist Church in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Emmanuel Baptist Church's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate Emmanuel Baptist Church or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Emmanuel Baptist Church's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Emmanuel Baptist 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 Emmanuel Baptist 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Emmanuel Baptist 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.

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.

Heagy LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Saskatoon, SK
September 19, 2019

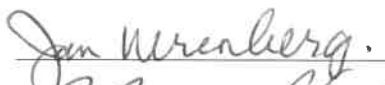

EMMANUEL BAPTIST CHURCH

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30

	Operating Fund \$	Capital Fund \$	Restricted Funds \$	Total 2019 \$	Total 2018 \$
ASSETS (note 5)					
CURRENT ASSETS					
Cash	43,749	(8,293)	25,386	60,842	161,562
Marketable securities	15,124	-	-	15,124	14,434
Accounts receivable (note 3)	5,206	-	-	5,206	3,856
Prepaid expenses	4,400	-	-	4,400	3,499
	68,479	(8,293)	25,386	85,572	183,351
TANGIBLE CAPITAL ASSETS					
(note 4)	-	70,797	-	70,797	74,092
	68,479	62,504	25,386	156,369	257,443
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	59,858	-	-	59,858	39,949
Payroll taxes	8,621	-	-	8,621	13,076
Current portion of long-term debt	-	9,800	-	9,800	-
	68,479	9,800	-	78,279	53,025
LONG-TERM DEBT (note 6)					
	-	37,090	-	37,090	-
	68,479	46,890	-	115,369	53,025
FUND BALANCES					
UNRESTRICTED	-	-	-	-	(10,485)
INVESTED IN TANGIBLE CAPITAL ASSETS	-	23,907	-	23,907	74,092
EXTERNALLY RESTRICTED (note 7) (schedule 2)	-	(8,293)	14,229	5,936	140,811
INTERNALLY RESTRICTED (note 8) (schedule 2)	-	-	11,157	11,157	-
	-	15,614	25,386	41,000	204,418
	68,479	62,504	25,386	156,369	257,443

SIGNED ON BEHALF OF THE BOARD

 Director
 Director

EMMANUEL BAPTIST CHURCH

STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEAR ENDED
JUNE 30

	Operating Fund \$	Capital Fund \$	Restricted Funds \$	Total 2019 \$	Total 2018 \$
BALANCE (DEFICIT) - BEGINNING OF YEAR	(10,485)	208,986	5,917	204,418	130,264
Excess (deficiency) of revenue over expenditures for the year	21,642	(193,372)	8,312	(163,418)	74,154
Transfer from operating fund (note 8) (schedule 2)	(11,157)	-	11,157	-	-
BALANCE - END OF YEAR	-	15,614	25,386	41,000	204,418

EMMANUEL BAPTIST CHURCH

STATEMENT OF REVENUE AND EXPENDITURES

FOR THE YEAR ENDED
JUNE 30

	Operating Fund \$	Capital Fund \$	Restricted Funds \$	Total 2019 \$	Total 2018 \$
REVENUE					
Donations	726,743	113,838	36,191	876,772	852,262
Vacation Bible School	5,129	-	-	5,129	5,178
Rental	2,702	-	-	2,702	1,399
Scooters	1,511	-	-	1,511	1,421
Investment income	-	582	-	582	264
Tape ministry (net)	11	-	-	11	6
Coffee bar (net)	-	-	-	-	(1,480)
	736,096	114,420	36,191	886,707	859,050
EXPENDITURES (schedule 1)					
Personnel	484,023	-	-	484,023	492,835
Facilities	99,903	-	-	99,903	96,071
Outreach ministries	57,882	-	-	57,882	66,907
Discipleship ministries	28,113	-	-	28,113	33,850
Administration	21,349	-	-	21,349	17,969
Professional fees	6,235	3,500	-	9,735	6,235
Worship	7,416	-	-	7,416	8,057
Connection	4,008	-	-	4,008	1,521
Fellowship and hospitality	3,511	-	-	3,511	1,914
Care and support ministry	2,014	-	-	2,014	1,043
Major repairs	-	297,318	-	297,318	-
Depreciation	-	5,231	-	5,231	11,338
Interest on long-term debt	-	2,433	-	2,433	-
Unrealized (gain) loss on marketable securities	-	(690)	-	(690)	1,610
Designated disbursements (schedule 2)	-	-	27,879	27,879	45,546
	714,454	307,792	27,879	1,050,125	784,896
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES FOR THE YEAR					
	21,642	(193,372)	8,312	(163,418)	74,154

EMMANUEL BAPTIST CHURCH

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED
JUNE 30

	2019	2018
	\$	\$
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures for the year	(163,418)	74,154
Items not affecting cash -		
Depreciation	5,231	11,338
Unrealized loss (gain) on marketable securities	(690)	1,610
	(158,877)	87,102
Changes in non-cash working capital items -		
Accounts receivable	(1,350)	(151)
Prepaid expenses	(901)	(2,119)
Accounts payable and accrued liabilities	19,909	(9,916)
Payroll taxes	(4,455)	(74)
Deferred income	-	(4,480)
Cash Provided By (Used In) Operating Activities	(145,674)	70,362
FINANCING ACTIVITIES		
Repayment of long-term debt	(53,110)	-
Proceeds of long-term debt	100,000	-
Cash Provided By Financing Activities	46,890	-
INVESTING ACTIVITIES		
Donation of marketable securities	-	(16,044)
Purchase of tangible capital assets	(1,936)	(10,632)
Cash Used In Investing Activities	(1,936)	(26,676)
INCREASE (DECREASE) IN CASH POSITION	(100,720)	43,686
CASH POSITION - BEGINNING OF YEAR	161,562	117,876
CASH POSITION - END OF YEAR	60,842	161,562

EMMANUEL BAPTIST CHURCH

SCHEDULE 1 - OPERATING EXPENDITURES

FOR THE YEAR ENDED
JUNE 30

	2019	2018
	\$	\$
PERSONNEL		
Salaries	391,614	398,995
Employee benefits	55,884	52,438
Canada pension plan	16,098	16,634
Employment insurance	7,877	8,351
Continuing education	4,581	5,674
Congregation contact	2,518	3,185
Worker's compensation	1,652	1,681
Books	1,239	1,381
Staff team building	1,195	1,445
Conferences	703	1,774
Mileage	608	749
Retreat	54	28
Bad debts	-	500
	484,023	492,835
FACILITIES		
Utilities	45,245	41,107
Repairs, maintenance and renovations	26,612	30,784
Insurance	14,437	13,347
Vehicles	5,385	5,730
Furnishings and equipment	3,813	1,013
Inspections and licensing	1,521	1,843
Supplies	1,515	1,249
Parking lease	1,000	1,000
Miscellaneous	200	-
Weddings and funerals (recovery)	175	(2)
	99,903	96,071
OUTREACH MINISTRIES		
The Quest	17,973	17,149
Canadian Baptists of Western Canada	17,973	17,149
Global impact partnerships	11,875	21,250
Christmas presentation	4,381	3,680
Easter presentation	2,996	4,267
Website	748	714
Community impact partnerships	710	991
ESL	614	1,391
Advertising	612	316
	57,882	66,907

EMMANUEL BAPTIST CHURCH

SCHEDULE 1 - OPERATING EXPENDITURES (continued)

FOR THE YEAR ENDED
JUNE 30

	2019	2018
	\$	\$
DISCIPLESHIP MINISTRIES		
Children's Ministry -		
Special events	9,066	9,959
Curriculum	1,454	2,374
Nursery and toddlers	1,092	1,116
Supplies	518	642
Leadership training	270	554
Grade school	1	64
Youth Ministry -		
Sr. Youth	2,847	5,036
Supplies	1,706	1,587
College ministry	1,402	1,209
Jr. Youth	1,003	1,623
Evangelism	438	16
Leadership training	370	528
Adult Discipleship -		
Small group resources and training	2,280	2,316
Conferences	1,838	2,378
Women's ministry	1,245	650
Leadership development	437	1,162
Discipleship electives	132	69
Library	15	121
Men's ministry (recovery)	(45)	(99)
Marriage ministry (recovery)	(50)	238
Seniors' Ministry -		
Growing in Grace	1,255	1,183
General ministry	839	1,124
	28,113	33,850
ADMINISTRATION		
Photocopier lease	6,305	2,460
Interest and bank charges	4,645	4,440
Supplies	3,885	3,070
Accounting Support	2,923	-
Maintenance	1,948	2,425
Postage and courier	783	1,024
Membership fees	687	670
Board	212	355
Printing (recovery)	(39)	3,525
	21,349	17,969

EMMANUEL BAPTIST CHURCH

SCHEDULE 1 - OPERATING EXPENDITURES (continued)

FOR THE YEAR ENDED
JUNE 30

	2019	2018
	\$	\$
WORSHIP		
Instrument maintenance	1,606	2,245
Music, books and copyright fees	1,399	1,213
Decoration and banners	1,290	1,454
Media projects	1,166	1,213
Communion supplies	540	640
Worship leadership development	433	258
Devotional resources	432	570
Christmas Eve	300	406
Drama	250	58
	7,416	8,057
PROFESSIONAL FEES		
Financial audit	6,235	6,235
CONNECTION		
Connection house	1,407	800
Community development	817	474
Worship	579	88
Discipleship	570	539
Outreach (recovery)	433	(399)
Retreat	183	-
Website	19	19
	4,008	1,521
FELLOWSHIP AND HOSPITALITY		
Kitchen supplies	3,979	1,414
Fellowship Sundays (recovery)	(76)	500
Soup and buns (recovery)	(392)	-
	3,511	1,914
CARE AND SUPPORT MINISTRY		
Support and recovery groups	1,339	852
Volunteer training and support	675	191
	2,014	1,043
TOTAL OPERATING EXPENDITURES	714,454	726,402

EMMANUEL BAPTIST CHURCH

SCHEDULE 2 - RESTRICTED FUNDS

FOR THE YEAR ENDED
JUNE 30, 2019

	Balance beginning of year \$	Donations & other income \$	Disbursements \$	Transfers \$	Balance end of year \$
Externally restricted					
Caring	1,575	18,701	12,389	-	7,887
CBM - Derksens	-	200	200	-	-
Hope Restored	-	100	100	-	-
Miscellaneous committed	617	3,580	3,403	-	794
Real Choices	-	50	50	-	-
Refugees	1,652	-	-	-	1,652
Short-term Missions	74	4,100	2,712	-	1,462
The Bridge	-	4,385	3,950	-	435
The Quest at Christopher Lake	-	5,075	5,075	-	-
Youth Missions	1,999	-	-	-	1,999
	5,917	36,191	27,879	-	14,229
Internally restricted operating (note 8)	-	-	-	11,157	11,157
	5,917	36,191	27,879	11,157	25,386

EMMANUEL BAPTIST CHURCH

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2019

1. ORGANIZATION AND PURPOSE

Emmanuel Baptist Church exists to fully love God and all people for God's Kingdom, pleasure, and glory.

The church was incorporated under the Non-Profit Corporations Act of Saskatchewan in 1995. As a registered charity it is not subject to income taxes under the Canadian Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Financial Instruments

The church initially measures its financial assets and 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 financial assets and financial liabilities at amortized cost except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess (deficiency) of revenue over expenditures for the year.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, payroll taxes and long-term debt.

The church's financial assets measured at fair market value include marketable securities.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of any write-down is recognized in net earnings for the year. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting an allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess (deficiency) of revenue over expenditures for the year.

Tangible Capital Assets and Depreciation

Tangible capital assets are recorded at cost and amortized over their estimated useful lives. This requires estimation of the useful life of the asset and its salvage and residual value. When management considers that a tangible capital asset no longer contributes to the church's ability to provide services, its carrying amount is written down to its residual value. As is true of all accounting estimates, it is possible that changes in future conditions could require changes in the recognized amounts for accounting estimates. Should an adjustment become necessary, it would be reported in earnings in the period in which it became known.

EMMANUEL BAPTIST CHURCH

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation of tangible capital assets is calculated using the straight-line method at the following annual rates:

Building	5.00%
Musical instruments	10.00%
Furniture and equipment	20.00%
Automotive equipment	33.33%
Computer equipment	33.33%
Computer software	100.00%

Depreciation on assets acquired during the year is recorded at one-half the normal annual rate.

Individual assets with a net book value less than \$1,500 are to be fully depreciated at year-end.

Fund Accounting

The church follows the restricted fund method of accounting for contributions. It accounts for its operations using the following funds:

Operating Fund

The operating fund accounts for the church's program delivery and administration activities. This fund reports unrestricted resources and restricted operating grants.

Capital Fund

The capital fund reports the assets, liabilities, revenue and expenditures related to the church's capital assets. It also reports all capital revenue and expenditures related to long-range facility planning.

Restricted Funds

The restricted funds consist of internally and externally restricted funds. These funds accumulate capital from legacies, bequests, memorials and special donations. Any appropriations from these funds must be authorized by the church's Board of Directors.

Revenue Recognition

Restricted contributions related to general operations are recognized as revenue of the operating fund in the year in which the related expenditures are incurred. All other restricted contributions are recognized as revenue of the appropriate fund.

Unrestricted contributions, including donation revenue, are recognized as revenue of the operating fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Donated Materials and Services

The church benefits from the donation of materials and services from its members. These financial statements do not reflect the value of donations in kind received in the year since a fair value cannot be reasonably estimated.

EMMANUEL BAPTIST CHURCH

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the year. Significant items subject to estimate and assumption include valuation of accounts receivable and the estimated useful lives of tangible capital assets. Actual results could differ from estimates.

3. ACCOUNTS RECEIVABLE

	2019	2018
	\$	\$
Goods and services tax receivable	4,606	3,356
Trade receivables	600	500
	5,206	3,856

4. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Depreciation	Net Book Value	
	\$	\$	2019	2018
			\$	\$
Building	453,347	384,163	69,184	74,092
Musical instruments	4,169	4,169	-	-
Furniture and equipment	117,784	117,784	-	-
Automotive equipment	39,520	39,520	-	-
Computer equipment	14,314	12,701	1,613	-
Computer software	1,235	1,235	-	-
	630,369	559,572	70,797	74,092

5. LINE OF CREDIT

The church carries a line of credit at its bank which is secured by a first floating charge over all church assets. The line of credit bears interest at a floating rate based on bank prime plus 1 percent. The church's total available line of credit is \$50,000 (2018 - \$50,000). The terms of the line of credit are renegotiated from time to time.

The prime rate at June 30, 2019 was 3.95%.

EMMANUEL BAPTIST CHURCH

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2019

6. LONG-TERM DEBT

	2019	2018
	\$	\$
5.20% CBWC Foundation mortgage, payable in blended monthly instalments of \$1,000, due for renewal October 1, 2020, secured by a mortgage on land of \$200,000	46,890	-
Less: current portion	9,800	-
	37,090	-

The principal payments required in each of the next five years to meet retirement provisions are as follows:

	2019	2018
	\$	\$
Year ending June 30, 2020	9,800	-
2021	10,300	-
2022	10,900	-
2023	11,500	-
2024	4,390	-

7. EXTERNALLY RESTRICTED - CAPITAL FUND

	2019	2018
	\$	\$
Balance - beginning of year	134,894	19,947
Donations	113,838	126,925
Investment income	582	264
Unrealized gain (loss) on marketable securities	690	(1,610)
Purchase of tangible capital assets	(1,936)	(10,632)
Professional fees	(3,500)	-
Major capital repairs	(297,318)	-
Proceeds of long-term debt	100,000	-
Repayment of long-term debt	(53,110)	-
Interest on long-term debt	(2,433)	-
Balance (deficit) - end of year	(8,293)	134,894

8. TRANSFERS

The board of directors passed a motion to maintain the internally restricted operations fund at a minimum of 5% to a maximum of 10% of the previous year's actual operating donations revenue. Due to the financial results this year, the board was unable to achieve the minimum transfer. The board did approve to transfer the balance available of \$11,157 to the internally restricted operating fund from the operating fund.

EMMANUEL BAPTIST CHURCH

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2019

9. FINANCIAL RISK

Liquidity Risk

Liquidity risk is the risk that the church will not be able to meet its financial obligations as they become due. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price. The church is subject to liquidity risk mainly with respect to its accounts payable and accrued liabilities and payroll liabilities. This risk is mitigated at the church due to significant current assets. There has been no change in risk exposure from the prior year.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The church is subject to interest rate risk on its debt obligation. Management has attempted to minimize this risk by negotiating the best possible interest rates.

Treasurer's Report
General Operating and Capital Budgets
July 1, 2019 to June 30, 2020

The following is the operating budget approved by the Board for the 2019 - 2020 fiscal year. The statement shows the differences, in dollars and percentages, in the budgeted amounts for the current year from the actual amounts in the prior year. Offerings have been budgeted at \$1,743 less than prior year actual offerings. Expenditures have been budgeted at \$11,684 less than prior year actual expenditures. Note that actual program cost recovery amounts (\$9,353) are presented as Other Revenues in the audited financial statements but are netted against program expenditures in the table below.

EMMANUEL BAPTIST CHURCH				
SUMMARY OPERATING BUDGET - FOR THE FISCAL YEAR JULY 1, 2019 TO JUNE 30, 2020				
	Budget	Actual	\$ Increase	% Increase
	2019/2020	2018/2019	(Decrease)	(Decrease)
Revenue				
General Donations	725,000	726,743	(1,743)	(0.20%)
Operating Expenditures				
Personnel	460,806	484,023	(23,217)	(4.80%)
Facilities	100,406	97,201	3,205	3.30%
Outreach Ministries	58,000	57,882	118	0.20%
Administration and Professional Fees	30,205	27,584	2,621	9.50%
Discipleship Ministries	28,100	21,473	6,627	30.90%
Worship	7,350	7,405	(55)	(0.70%)
Fellowship and Hospitality	3,300	3,511	(211)	(6.00%)
The Connection	3,150	4,008	(858)	(21.40%)
Care and Support Ministries	2,100	2,014	86	4.30%
Total Operating Expenditures	693,417	705,101	(11,684)	(1.70%)
Reserve	31,583	21,642	9,941	

General Donations: (Budget Decrease of \$1,743)

- General offerings of \$725,000 are required in the current budget year to fund the current year programs and other expenses and to replenish the internally restricted operating fund balance to be within the required parameters of 5% to 10% of the prior year offerings. Achieving the budgeted reserve for 2020 will leave us with a total reserve balance of \$42,740 at June 30, 2020.

Personnel: (Budget Decrease of \$23,217)

- Staff salaries, employee benefits, resource books, continuing education, conferences and other employee costs are reported in this category.
- The budget includes a cost-of-living-adjustment of 1% plus step increases in the grid for staff not already at the maximum. Costs associated with these increases were more than offset by a reduction in staff hours for the Accountant, the 2-month vacancy of the Director of Youth Ministry and budgeting for a Summer Works program grant.

Facilities (Budget Increase of \$3,205)

- Utilities, facility maintenance including repairs, regular yard maintenance, snow removal, insurance, small equipment, furnishings, and vehicle costs are included in this category.
- The budget includes carpet replacement and anticipated work on the parking lot.

Outreach Ministries: (Budget Increase of \$118)

- Budgeted giving to denominational ministries - the Canadian Baptists of Western Canada and the Quest - were slightly increased as these amounts are a function of budgeted general offerings (2.5% each).
- Small increases have been budgeted for various outreach programs such as Alpha and ESL.
- Outreach special events such as the Easter and Christmas presentations are budgeted at a slight decrease from the prior year.
- The support for the STEP program (Rwanda) is budgeted to remain at \$10,000.

Administration and Professional Fees (Budget Increase of \$2,621)

- Office costs, stationery, copier and computer costs, bank charges, miscellaneous Board expenses, accounting support and audit fees are included in this category.
- The increase is primarily in contracted accounting services. Most of this cost was included in personnel expenses in the prior year.

Discipleship Ministries (Budget Increase of \$6,627)

- This category is the budget for various ministries provided to our congregation, as well as the community. Costs include training, equipment, curriculum, special events, resources, Heart Matters, conferences, and trips. A breakdown by ministry type follows:

Children's Ministry – increased by approximately \$3,600
Youth Ministry – increased by approximately \$600
College Ministry – increased by approximately \$600
Adult Discipleship – increased by approximately \$1,600
Senior's Ministry – increased by approximately \$200

Worship (Budget Decrease of \$55)

- Costs for leadership development, instrument maintenance, music copyright fees, devotional resources, communion supplies and special worship events are included in this category.

Fellowship and Hospitality (Budget Decrease of \$211)

- The cost of kitchen supplies including the coffee bar, Sunday fellowship and special events are included in this category.
- The budgeted decrease is primarily due to an anticipated reduction in kitchen supplies

The Connection (Budget Decrease of \$858)

- Worship, discipleship, fellowship, community development and website pertaining specifically to the Connection are included in this category. Pastoral care, office, and facility costs are not allocated to the account but are included in the total costs for these operating expenditures for Emmanuel as a whole.

Care and Support Ministries (Budget increase of \$86)

- The costs for care and support ministries and volunteer leadership training are included in this category.
- There is a small increase in the budget as a result of an expected increase in volunteer training.

CAPITAL BUDGET – JULY 1, 2019 TO JUNE 30, 2020

Cash requirements for the following expenditures planned for the fiscal year July 1, 2019 to June 30, 2020 are:

Roof Repairs	132,000
Upgrade to the Sound System	50,000
Two Computers	4,000
Fridge	3,400

Any shortfall in offerings received to cover the above expenditures will be funded through the revolving loan agreement with the CBWC Foundation which has a credit facility limit of \$200,000.

EMMANUEL BAPTIST CHURCH
FIVE YEAR HISTORICAL RECAP OF GENERAL OPERATING EXPENDITURES AND DONATIONS

EXPENSE CATEGORY	BUDGET	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL
	July 2019 - June 2020	July 2018 - June 2019	July 2017 - June 2018	July 2016 - June 2017	July 2015 - June 2016	July 2014 - June 2015
Personnel	460,806	484,023	492,835	495,498	488,408	666,744
Facilities	100,406	97,201	94,672	91,528	79,910	81,565
Outreach	58,000	57,882	68,387	79,458	79,662	123,877
Administration	23,970	21,349	17,969	16,920	16,579	15,626
Professional Fees	6,235	6,235	6,235	6,085	6,235	5,538
Discipleship:						
- Children	9,350	5,761	8,110	10,637	10,262	8,808
- Youth	7,000	6,364	9,999	9,203	13,310	12,504
- Adult & College	9,450	7,254	6,835	5,408	4,235	2,767
- Seniors	2,300	2,094	2,307	1,792	2,283	1,439
Discipleship Sub-total	28,100	21,473	27,251	27,040	30,090	25,518
Worship	7,350	7,405	8,051	6,559	6,200	8,308
Fellowship	3,300	3,511	1,914	1,640	1,656	1,376
Connection	3,150	4,008	1,521	2,304	1,878	2,487
Care & Support	2,100	2,014	1,043	1,026	894	1,779
TOTAL EXPENSES	693,417	705,101	719,878	728,058	711,512	932,818
DONATIONS	725,000	726,743	686,923	731,649	735,250	871,147
Interest Income	-	-	-	-	181	1,715
RESERVE (DEFICIT)	31,583	21,642	(32,955)	3,591	23,919	(59,956)