

Harvest Bible Chapel Toronto West

Financial Statements
For the year ended December 31, 2017

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To the Members of
Harvest Bible Chapel Toronto West

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of Harvest Bible Chapel Toronto West, which comprise the statement of financial position as at December 31, 2017 and the statements of receipts and expenditures, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

In common with many charitable organizations, the Church derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to amounts recorded in the records of the Church and we were not able to determine whether any adjustments might be necessary to those revenues, and excess of receipts over expenditures for the year ended December 31, 2017, and assets and net assets at December 31, 2017.

Qualified Opinion

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 Harvest Bible Chapel Toronto West as at December 31, 2017 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.

June 6, 2018
Burlington, Ontario



Chartered Professional Accountants
Licensed Public Accountants

Harvest Bible Chapel Toronto West

Statement of Financial Position

December 31, 2017

Assets			
	2017		2016
Current assets			
Cash and cash equivalents	\$ 464,773	\$	239,794
Internally restricted cash and cash equivalents	67,215		42,362
Accounts receivable (Note 3)	27,739		20,495
Prepaid expenses and deposits	3,014		2,248
Related party loans (Note 4)	14,350		62,191
	577,091		367,090
Capital assets (Note 5)	46,427		58,924
	\$ 623,518	\$	426,014
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities (Note 6)	\$ 24,848	\$	23,774
Related party loans	1,250		1,250
	\$ 26,098	\$	25,024
Net Assets			
Net assets invested in capital assets	\$ 46,427	\$	58,924
Net assets internally restricted (Note 8)	67,215		42,362
Unrestricted net assets	483,778		299,704
	597,420		400,990
	\$ 623,518	\$	426,014

Approved on Behalf of the Board

Members

Members

The accompanying notes are an integral part of the financial statements.



Harvest Bible Chapel Toronto West**Statement of Changes in Net Assets****Year Ended December 31, 2017**

	Invested in Capital Assets	Internally Restricted (Note 8)	Unrestricted	Total 2017	Total 2016
Balance, beginning of year	\$ 58,924	\$ 42,362	\$ 299,704	\$ 400,990	\$ -
Excess (deficiency) of receipts over expenditures for the year	(22,843)	-	219,273	196,430	71,480
Transfer of net assets from Harvest Bible Chapel Oakville	-	-	-	-	329,510
Transfer to internally restricted	-	24,853	(24,853)	-	-
Purchase of capital assets	10,346	-	(10,346)	-	-
Balance, end of year	\$ 46,427	\$ 67,215	\$ 483,778	\$ 597,420	\$ 400,990

The accompanying notes are an integral part of the financial statements.



Harvest Bible Chapel Toronto West
Statement of Receipts and Expenditures
Year Ended December 31, 2017

	2017	2016
Receipts	\$ 881,296	\$ 716,460
Expenditures		
Administration	63,825	61,377
Adult ministries	5,777	9,267
Amortization	22,843	29,435
Building and property	124,015	117,213
Family ministries	6,443	5,057
Hospitality	3,764	4,446
Ministry operations	405,392	391,873
Missions	47,386	17,867
Worship and production	5,421	8,445
	684,866	644,980
Excess of receipts over expenditures for the year	\$ 196,430	\$ 71,480

The accompanying notes are an integral part of the financial statements.



Harvest Bible Chapel Toronto West

Statement of Cash Flows

Year Ended December 31, 2017

	2017	2016
Cash flows from operating activities		
Excess of receipts over expenditures for the year	\$ 196,430	\$ 71,480
Charges not involving cash		
Amortization	22,843	29,435
	219,273	100,915
Net change in accounts receivable	(7,244)	(12,995)
Net change in accounts payable and accrued liabilities	1,074	(40,108)
Net change in other operating working capital balances	47,075	(77,647)
Cash flows from operating activities	260,178	(29,835)
Cash flows from investing activities		
Purchase of capital assets	(10,346)	(24,795)
Cash flows used in investing activities	(10,346)	(24,795)
Net increase (decrease) in cash and cash equivalents	249,832	(54,630)
Cash and cash equivalents, beginning of year	282,156	336,786
Cash and cash equivalents, end of year	\$ 531,988	\$ 282,156
Cash and cash equivalents consist of:		
Cash and cash equivalents	\$ 464,773	\$ 239,794
Internally restricted cash and cash equivalents	67,215	42,362
	\$ 531,988	\$ 282,156

The accompanying notes are an integral part of the financial statements.



Harvest Bible Chapel Toronto West

Notes to Financial Statements

Year Ended December 31, 2017

1. Form of Organization

Harvest Bible Chapel Toronto West (the "Church") is registered as a charitable organization under the Canadian Income Tax Act.

The focus of the ministry at Harvest Bible Chapel Toronto West is to glorify God through the fulfillment of the Great Commission (Matthew 28:19-20) in the spirit of the Great Commandment (Matthew 22:37-39). This is fulfilled as disciples of Jesus Christ are made. God is glorified as we manifest His presence in doing so (2 Timothy 2:2; 1 Corinthians 10:31).

2. Significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks.

Financial instruments

The Church's financial instruments consist of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities. Financial instruments are initially recognized at fair value and subsequently measured at amortized cost. Transaction costs and financing fees associated with financial instruments carried at amortized cost are recorded as adjustments to the initial fair value recognized and amortized over the life of the financial instrument.

Capital assets

Capital assets are recorded at cost. Amortization is provided as follows:

Computer equipment	30% declining balance
Furniture and fixtures	20% declining balance
Leasehold improvements	3 year straight-line
Sound equipment	30% declining balance

One-half the normal rate of amortization is provided for in the year of acquisition.

Revenue recognition

The Church follows the deferral method of accounting for contributions. Restricted donations received are recognized as revenue in the period in which the related expenses are incurred. Unrestricted donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributed services

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



Harvest Bible Chapel Toronto West

Notes to Financial Statements

Year Ended December 31, 2017

2. Significant accounting policies (cont'd.)

Income taxes

The Church is a not-for-profit organization registered under the Income Tax Act (the "Act") and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Church must meet certain requirements of the Act. In the opinion of management, these requirements have been met.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expense during the period. Actual results could differ from those estimates.

3. Accounts receivable

	2017	2016
H.S.T. recoverable	\$ 27,739	\$ 12,995
Other receivables	-	7,500
	<u>\$ 27,739</u>	<u>\$ 20,495</u>

4. Related party loans

	2017	2016
Due from Harvest Bible Chapel Oakville	\$ 14,350	\$ 62,191

Harvest Bible Chapel Oakville is related to the Church as it has the ability to exercise significant influence over the Church due to the existence of common members on the Elder Boards.

Related party loans are unsecured, non-interest bearing, and have no set terms of repayment. Management anticipates that the amounts due from related parties will be repaid during the next fiscal year.



Harvest Bible Chapel Toronto West

Notes to Financial Statements

Year Ended December 31, 2017

5. Capital assets

	Cost	Accumulated Amortization	2017	2016
Computer equipment	\$ 14,370	\$ 9,148	\$ 5,222	\$ 7,460
Furniture and fixtures	16,000	4,810	11,190	12,414
Leasehold improvements	36,898	36,898	-	7,037
Sound equipment	88,871	58,856	30,015	32,013
	<u>\$ 156,139</u>	<u>\$ 109,712</u>	<u>\$ 46,427</u>	<u>\$ 58,924</u>

6. Accounts payable and accrued liabilities

	2017	2016
Accounts payable and accrued liabilities	\$ 17,348	\$ 16,274
Other payables	7,500	7,500
	<u>\$ 24,848</u>	<u>\$ 23,774</u>

7. Related party loans

	2017	2016
Due to Harvest Bible Chapel Brantford	\$ 1,250	\$ 1,250

The Church is related to Harvest Bible Chapel Brantford through Harvest Bible Chapel Oakville which has the ability to exercise significant influence over both Churches due to common members on the Elder Boards.

Related party loans are unsecured, non-interest bearing, and have no set terms of repayment. Management anticipates that the related party loans will be repaid during the next fiscal year.

8. Net assets internally restricted

The Church has designated these funds to be reserved for future expenditures, consistent with the objectives of its' ministry.

9. Operating lease commitments

Future minimum payments for operating leases that have initial or remaining terms of one year or more consist of the following amounts:

	2018	\$ 27,502
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Harvest Bible Chapel Toronto West

Notes to Financial Statements

Year Ended December 31, 2017

10. Related party transactions

During the year, the Church entered into transactions with related parties in the normal course of operations. These transactions, accounted for at their exchange amount, which is the amount of consideration established and agreed to by the related parties, are as follows:

	2017	2016
Professional fees paid to Harvest Bible Chapel Oakville (associated Church)	\$ 15,000	\$ 15,000

11. Financial instruments

The Church's financial instruments consist of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities.

Liquidity risk

The Church's exposure to liquidity risk is dependent on purchasing commitments and obligations for raising of funds to meet commitments and sustain operations. The Church controls liquidity risk by management of working capital, and cash flows.

Unless otherwise noted, it is management's opinion that the Church is not exposed to significant credit, interest, market, or currency risks.

