

**THE FELLOWSHIP OF EVANGELICAL  
BAPTIST CHURCHES IN CANADA**

**FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2022**



# **THE FELLOWSHIP OF EVANGELICAL BAPTIST CHURCHES IN CANADA**

---

**AUGUST 31, 2022  
CONTENTS**

	<b>Page</b>
<b>Management Responsibility for Financial Reporting</b>	<b>1</b>
<b>Independent Auditors' Report</b>	<b>2 - 3</b>
<b>Financial Statements</b>	
Financial Position	4
Statement of Ministry Operations and Fund Balances	5
Statement of Cash Flows	6
Explanatory Financial Notes	7 - 13



## **THE FELLOWSHIP OF EVANGELICAL BAPTIST CHURCHES IN CANADA**

---

### **MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING AUGUST 31, 2022**

---

The accompanying financial statements and all other information contained in this annual report are the responsibility of the management of The Fellowship of Evangelical Baptist Churches in Canada. The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and have been approved by National Council.

Preparation of financial information is an integral part of management's broader responsibilities for the ongoing operations of The Fellowship of Evangelical Baptist Churches in Canada. Management maintains a system of internal accounting and administration controls which are designed to provide reasonable assurance that transactions are accurately recorded on a timely basis, are properly approved and result in reliable financial information. Such information also includes data based on management's best estimates and judgements. Management has determined that the enclosed financial statements are presented fairly and on a consistent basis with prior years, in all material respects.

The National Council reviews and approves the annual financial statements. In addition, the Audit Committee meets with the management of The Fellowship of Evangelical Baptist Churches in Canada and the external auditors, and reports to the National Council thereon. The Audit Committee also reviews the annual financial statements, including notes thereto, in their entirety.

The financial statements have been audited by the external auditors, Graham Mathew Professional Corporation, Chartered Professional Accountants authorized to practise public accounting by the Chartered Professional Accountants of Ontario, in accordance with Canadian generally accepted auditing standards. The external auditors have full and free access to management, the Audit Committee and National Council.

The Independent Auditors' Report, dated October 27, 2022, expresses their opinion on The Fellowship's 2022 financial statements.

Steven Jones  
National President

Rob Cole, CPA, CA  
Director of Fellowship Services

## INDEPENDENT AUDITORS' REPORT

To the Members of

**The Fellowship of Evangelical Baptist Churches in Canada**

### Opinion

We have audited the accompanying financial statements of **The Fellowship of Evangelical Baptist Churches in Canada** (the Fellowship), which comprise the statement of financial position as at August 31, 2022, and the statements of Ministry operations and fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fellowship as at August 31, 2022, 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 Opinion

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 the Fellowship 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 the Fellowship'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 National Council either intends to liquidate the Fellowship or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fellowship'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.

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 the Fellowship'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 Fellowship'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 the Fellowship 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.

A handwritten signature in black ink that reads "Graham Mathew Professional Corporation". The signature is written in a cursive, flowing style.

Cambridge, Ontario  
October 27, 2022

Chartered Professional Accountants, authorized to practise public  
accounting by the Chartered Professional Accountants of Ontario



# THE FELLOWSHIP OF EVANGELICAL BAPTIST CHURCHES IN CANADA

## FINANCIAL POSITION AUGUST 31, 2022

	2022 \$	2021 \$
<b>ASSETS</b>		
Cash	1,112,946	1,144,993
Accounts receivable	51,063	25,224
Prepaid expenses	100,144	29,481
<b>Current assets</b>	<b>1,264,153</b>	<b>1,199,698</b>
Loans to Churches	1,570,234	1,625,031
Investments	8,684,456	8,602,054
<b>Total investments (note 9)</b>	<b>10,254,690</b>	<b>10,227,085</b>
Due from related party, unsecured & non-interest bearing (note 14)	109,638	82,256
Capital assets (note 3)	33,063	32,288
	<b>11,661,544</b>	<b>11,541,327</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (note 4)	27,525	39,941
Funds held in trust (note 12)	95,817	91,153
<b>Current liabilities</b>	<b>123,342</b>	<b>131,094</b>
<b>FUND BALANCES</b>		
Externally restricted - Endowment Fund (note 7)	320,639	320,639
Externally restricted - Funds for Specific Purposes (note 6)	4,219,386	4,255,724
Externally restricted - Missions and Project Funds	3,803,700	3,204,520
Internally restricted - Funds for Specific Purposes (note 6)	3,142,106	3,568,252
Unrestricted General Funds	52,371	61,098
	<b>11,538,202</b>	<b>11,410,233</b>
	<b>11,661,544</b>	<b>11,541,327</b>

### APPROVED ON BEHALF OF NATIONAL COUNCIL

Doug Blair  
Chair

Steven Jones  
National President



## THE FELLOWSHIP OF EVANGELICAL BAPTIST CHURCHES IN CANADA

### STATEMENT OF MINISTRY OPERATIONS AND FUND BALANCES YEAR ENDED AUGUST 31, 2022

	OPERATING FUND \$	FUNDS HELD FOR SPECIFIC PURPOSES \$	ENDOWMENT FUND \$	2022 TOTAL \$	2021 TOTAL \$
<b>Revenue</b>					
Missionary and church planting support	4,384,193	-	-	4,384,193	4,527,141
General and staff support	2,401,995	-	-	2,401,995	1,735,535
International Relief-"F.A.I.R."	2,747,686	-	-	2,747,686	1,002,043
Investment activity (note 8)	( 396,239)	-	-	( 396,239)	1,333,020
Designated funds	105,504	-	-	105,504	117,602
Contributions	-	84,619	-	84,619	195,512
	9,243,139	84,619	-	9,327,758	8,910,853
<b>Expenditure</b>					
Missionary and church planting grants	4,351,442	-	-	4,351,442	3,954,826
Staff salaries, benefits and travel	1,862,086	-	-	1,862,086	1,566,844
Office and general (note 5)	506,136	-	-	506,136	417,749
International Relief-"F.A.I.R."	2,169,239	-	-	2,169,239	444,001
Designated funds	96,796	-	-	96,796	117,477
Amortization	16,987	-	-	16,987	36,167
Disbursements	-	197,103	-	197,103	162,980
	9,002,686	197,103	-	9,199,789	6,700,044
<b>Net funding for</b>					
Ministry activities	240,453	( 112,484)	-	127,969	2,210,809
Fund balance, beginning	3,265,618	7,823,976	320,639	11,410,233	9,199,424
Interfund transfers (note 13)	350,000	( 350,000)	-	-	-
<b>Fund balance, ending</b>	3,856,071	7,361,492	320,639	11,538,202	11,410,233
<b>Fund balance represented by:</b>					
Externally restricted	3,803,700	4,219,386	320,639	8,343,725	7,780,883
Internally restricted	-	3,142,106	-	3,142,106	3,568,252
Unrestricted	52,371	-	-	52,371	61,098
<b>Fund balance, ending</b>	3,856,071	7,361,492	320,639	11,538,202	11,410,233

The explanatory financial notes form an integral part of these financial statements.



## THE FELLOWSHIP OF EVANGELICAL BAPTIST CHURCHES IN CANADA

### STATEMENT OF CASH FLOWS YEAR ENDED AUGUST 31, 2022

	2022 \$	2021 \$
<b>Cash flows from operating activities:</b>		
Net funding for Ministry activities	127,969	2,210,809
Add non-cash item		
Amortization	16,987	36,167
	144,956	2,246,976
Net change in non-cash working capital balances relating to operations:		
Accounts receivable	( 25,839)	24,262
Prepaid expenses	( 70,663)	( 963)
Accounts payable and accrued liabilities	( 12,415)	( 158,603)
	36,039	2,111,672
<b>Cash flows from investment activities:</b>		
Change in funds held in trust	4,664	4,437
Net additions to capital assets	( 17,763)	( 12,854)
Change in investments	( 27,605)	( 2,079,644)
	( 40,704)	( 2,088,061)
<b>Cash flows from financing activities:</b>		
Advances to related party	( 27,382)	( 8,368)
<b>Change in cash during year</b>	<b>( 32,047)</b>	<b>15,243</b>
Cash position, beginning of year	1,144,993	1,129,750
<b>Cash position, end of year</b>	<b>1,112,946</b>	<b>1,144,993</b>

The explanatory financial notes form an integral part of these financial statements.





# THE FELLOWSHIP OF EVANGELICAL BAPTIST CHURCHES IN CANADA

---

## EXPLANATORY FINANCIAL NOTES YEAR ENDED AUGUST 31, 2022

---

### 1. Incorporation and Mission Statement

The Fellowship of Evangelical Baptist Churches in Canada (The Fellowship) is a not-for-profit organization which was incorporated under the laws of Canada on April 25, 1956 with a mission to provide fellowship for Baptist churches of like faith and order.

The Fellowship qualifies as a registered charity under the provisions of the Income Tax Act and, as such, is exempt from income taxes.

### 2. Summary of 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:

#### (a) Fund accounting

To ensure observation of restrictions placed on the use of resources available to The Fellowship, the accounts are maintained in accordance with the principles of fund accounting. The resources are classified for accounting and reporting purposes into the following funds which have been established according to their nature and purpose.

The **Operating fund** includes both unrestricted resources and funds that have been designated for National and International Ministries.

The **Funds held for specific purposes** represents resources both internally and externally restricted for use to meet specifically stated purposes.

The **Endowment fund** includes resources contributed to The Fellowship with instructions relative to the investment of capital and the use of investment income as detailed in the relevant documents.

#### b) Revenue recognition

The Fellowship follows the restricted fund method of accounting for contributions whereby externally restricted contributions are recognized in the fund corresponding to the purpose for which they were contributed. Unrestricted contributions are recognized as revenues in the Operating Fund or are internally restricted and recognized in the Funds Held for Specific Purposes Fund. Donations, bequests and pledges are recognized as revenue when they are received. Contributions for endowment purposes are recognized as revenues of the Endowment Fund.



## THE FELLOWSHIP OF EVANGELICAL BAPTIST CHURCHES IN CANADA

---

### EXPLANATORY FINANCIAL NOTES YEAR ENDED AUGUST 31, 2022

---

#### 2. Summary of Significant Accounting Policies (Continued)

##### (c) Capital assets

Capital assets are stated at cost.

Amortization is computed by the straight-line method over the estimated useful lives of furniture and equipment, computer equipment and software at 20%, 33 1/3% and 50% respectively. Amortization is not taken in the year of acquisition.

##### (d) Stewardship policy

The Fellowship carries on programs and activities in Canada and other parts of the world which are funded by gifts of interested parties. As stewards of these funds it is our desire to communicate to the donor the policies followed in the raising and use of these funds.

Spending of funds is confined to Council approved programs and purchases. Each gift designated toward an approved program will be used for that program with the understanding that when any given need has been met, designated gifts will be used where needed most. Gifts are acknowledged, and where appropriate, receipted with an official receipt for income tax purposes. Gifts will only be accepted for activities initiated and approved by Council.

The raising of funds by representatives of The Fellowship will be limited to approved activities. Donors will be provided with current information regarding The Fellowship and its activities. In situations where gifts are contemplated which might cause a significant adverse effect on the donor's financial position, income or relationship with family members, the donor will be advised by The Fellowship representative to seek independent professional advice before making the gift.

Remuneration of The Fellowship stewardship representatives will not be based on the value of gifts contemplated or received. However, our missionaries, church planters, chaplains, and certain staff, who are required to raise money to assist with the funding of approved programs, may receive all, or part, of their remuneration from those programs.

##### (e) Use of estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

##### (f) Financial instruments

Investments are shown on the statement of financial position at their fair values at the year-end date, with changes in fair value recognized in the statement of operations. All other financial assets and liabilities are recorded at amortized cost less any discovered impairment.



## THE FELLOWSHIP OF EVANGELICAL BAPTIST CHURCHES IN CANADA

### EXPLANATORY FINANCIAL NOTES YEAR ENDED AUGUST 31, 2022

	2022 \$	2021 \$
<b>3. Capital Assets</b>		
<b>Cost</b>		
Furniture and equipment	89,626	89,626
Computer equipment and software	474,515	456,753
	<b>564,141</b>	546,379
<b>Accumulated Amortization</b>		
Furniture and equipment	85,951	84,875
Computer equipment and software	445,127	429,216
	<b>531,078</b>	514,091
<b>Net Book Value</b>	<b>33,063</b>	32,288

#### 4. Accounts Payable and Accrued Liabilities

There were no amounts payable with respect to government remittances as of the year end date.

#### 5. Office Lease Commitment

On July 1, 2020, The Fellowship renewed their existing agreement to lease approximately 5,500 square feet of office space at 351 Elizabeth Street, Guelph, Ontario for a five-year period with an option to renew for an additional five-year period.

#### 6. Funds Held for Specific Purposes

Changes in the Funds Held for Specific Purposes balances for the year are as follows:

	Beginning of year \$	Receipts and transfers \$	Disbursements and fees \$	End of year \$
Church loan funds	1,840,427	56,221	( 56,764)	<b>1,839,884</b>
Building fund	1,481,476	NIL	NIL	<b>1,481,476</b>
Ministry & estate funds	4,502,073	28,398	( 490,339)	<b>4,040,132</b>
	7,823,976	84,619	( 547,103)	<b>7,361,492</b>



## THE FELLOWSHIP OF EVANGELICAL BAPTIST CHURCHES IN CANADA

### EXPLANATORY FINANCIAL NOTES YEAR ENDED AUGUST 31, 2022

#### 6. Funds Held for Specific Purposes (Continued)

	2022 \$
Represented by:	
Internally restricted	3,142,106
Externally restricted	4,219,386
	7,361,492

#### 7. Endowment Fund

Changes in the Endowment Fund balances for the year are as follows:

	Beginning of year \$	Net receipts (disbursements) \$	End of year \$
<b>Floyd Avenue</b>	261,122	NIL	<b>261,122</b>
<b>Uriah Stanley Estate</b>	28,972	NIL	<b>28,972</b>
<b>Grace Hughes Estate</b>	24,967	NIL	<b>24,967</b>
<b>Estates under \$10,000</b>	5,578	NIL	<b>5,578</b>
	320,639	NIL	<b>320,639</b>

#### 8. Investment Income

Investment income was earned during the year as follows:

	Operating Fund \$	Funds Held for Specific Purposes \$	Endowment Fund \$
Investment income	21,359	NIL	NIL
Change in fair value of investments	( 417,598)	NIL	NIL
<b>Net investment income (loss)</b>	(396,239)	NIL	NIL



## THE FELLOWSHIP OF EVANGELICAL BAPTIST CHURCHES IN CANADA

### EXPLANATORY FINANCIAL NOTES YEAR ENDED AUGUST 31, 2022

#### 9. Investments

The investments held by The Fellowship are comprised of the following instruments:

	2022 Fair Value \$	2021 Fair Value \$
Mutual funds	8,684,456	8,602,054
Loans to Churches	1,570,234	1,625,031
	10,254,690	10,227,085

The market value of the mutual funds are based on quoted market values.

The sixteen church loans and five investment loans are made to member churches to assist in various endeavours. The loans bear interest at rates ranging from 1.9% to 4% and have maturity dates between 2022 and 2026. All loans in excess of \$10,000 are secured by underlying property. Loans less than \$10,000 amounted to \$41,454 (\$36,157 in 2021).

#### 10. Financial Instrument Risk Management

The following sections detail the nature and extent of risks arising from financial instruments to which The Fellowship is exposed at August 31, 2022.

##### Credit risk

Credit risk is minimized by diversifying the investment portfolio so to manage risk of poor performance on individual securities or overall economic conditions.

##### Market risk

###### (a) Currency risk

All investments are in Canadian funds with Canadian institutions. The Fellowship has no currency risk.

###### (b) Interest rate risk

Interest bearing investments can include treasury bills, guaranteed investment certificates, bankers acceptances, discount notes and bonds. The mix of the portfolio (investment type and terms) changes in response to economic indicators and trends.

###### (c) Other price risk

Other price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Fellowship minimizes equity risk by diversifying the investment portfolio to manage risk of poor performance on individual securities or overall economic performance.



## THE FELLOWSHIP OF EVANGELICAL BAPTIST CHURCHES IN CANADA

---

### EXPLANATORY FINANCIAL NOTES YEAR ENDED AUGUST 31, 2022

---

#### 10. Financial Instrument Risk Management (Continued)

##### Liquidity risk

The Fellowship monitors cash flow activities on a regular basis. Due to the nature of The Fellowship's operations, cash inflows are budgeted for and major cash outflows relate mostly to program expenditures which are planned for on an annual basis based on expected cash inflows and monitored throughout the year. This provides the flexibility needed to meet unplanned demands on cash.

#### 11. Capital Management

Capital is comprised of The Fellowship's fund balances which include General Funds, Funds Held For Specific Purposes and Endowment Funds totalling \$11,538,202 (\$11,410,233 in 2021).

The Fellowship has an investment policy within the Guiding Principles that establishes the following as its core objectives:

- Invest and use resources and money in a way which is ethically and morally consistent with the value and principles of Scripture, specifically as understood by The Fellowship;
- Achieve a total rate of return sufficient to support stable and growing expenditures with which to achieve the mission, purpose and values of The Fellowship. At a minimum, The Fellowship anticipates earning a 5% annual real rate of return over any five year term after management costs;
- Provide security of capital;
- Provide capital growth over the long term; and
- Ensure a "prudent investor" approach to investment of The Fellowship resources, such that there is an appropriate balance between the objectives of "Security of Capital" and "Rate of Return" on investments.

The Fellowship's investment policy is directed toward the preservation and security of capital and return on investment in accordance with the aforementioned core objectives. Investments are undertaken in a manner that seeks to ensure the longest term possible subject to the risk tolerance and market conditions at the time the funds become available while ensuring the preservation of capital and return on investment. Investments are managed through C.I. Institutional Asset Management.

#### 12. Funds Held In Trust

The Fellowship has been entrusted with funds, belonging to member organizations, to be used for certain purposes. Since The Fellowship does not have ownership of these funds, they are presented as a liability.



## THE FELLOWSHIP OF EVANGELICAL BAPTIST CHURCHES IN CANADA

### EXPLANATORY FINANCIAL NOTES YEAR ENDED AUGUST 31, 2022

#### 13. Interfund Transfers

The statement of Ministry operations and fund balances reflects the amounts transferred between funds for various items. Interfund transfers for the year are summarized as follows:

	2022	
	Operating Fund \$	Funds Held For Specific Purposes \$
General operations	350,000	( 350,000)
	350,000	( 350,000)
	2021	
	Operating Fund \$	Funds Held For Specific Purposes \$
Missions and projects	( 800,000)	800,000
General operations	( 200,000)	200,000
	( 1,000,000)	1,000,000

#### 14. Due From Related Party

The Fellowship has an economic interest in The Fellowship of Evangelical Baptist Churches in Canada Foundation (The Foundation). The Fellowship has loaned funds to The Foundation to assist with initial start-up and operating expenses. These transactions are recorded at the exchange amount, which approximates fair value.