

BE IN CHRIST CHURCH OF CANADA

Financial Statements

Year ended December 31, 2022



BE IN CHRIST CHURCH OF CANADA
Index to Financial Statements
December 31, 2022

	PAGE
INDEPENDENT AUDITOR'S REPORT.....	1 - 2
STATEMENT OF FINANCIAL POSITION.....	3
STATEMENT OF OPERATIONS.....	4
STATEMENT OF CHANGES IN FUND BALANCES.....	5
STATEMENT OF CASH FLOWS.....	6
NOTES TO FINANCIAL STATEMENTS.....	7 - 16



INDEPENDENT AUDITOR'S REPORT

To the Members of
Be In Christ Church of Canada

Qualified Opinion

We have audited the financial statements of Be In Christ Church of Canada (the "Organization"), which comprise the statement of financial position as at December 31, 2022, and the statements of operations, changes in 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, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the Organization derives revenues from contributions, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, excess (deficiency) of revenues over expenses, and cash flows from operations for the year ended December 31, 2022 and 2021, current assets as at December 31, 2022 and 2021, and fund balances as at January 1 and December 31, 2022 and 2021. Our opinion on the financial statements for the year ended December 31, 2021 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 Financial Statements* section of our report. We are independent of the Organization 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 qualified opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

INDEPENDENT AUDITOR'S REPORT - cont'd

Auditor's 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 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 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 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 entity'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 entity'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 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 entity 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.

Adams & Miles LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
April 5, 2023



BE IN CHRIST CHURCH OF CANADA**Statement of Financial Position****December 31, 2022**

	2022	2021
Assets		
Current		
Cash (Note 5)	\$ 1,655,389	\$ 366,773
Accounts receivable	73,563	52,850
Harmonized Sales Tax recoverable	16,424	159,258
Prepaid expenses and advance payments	29,001	22,580
	1,774,377	601,461
Investments (Note 3)	2,544,385	2,691,223
Church properties (Note 4)	2	2
	\$ 4,318,764	\$ 3,292,686
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 117,668	\$ 145,628
Due to related parties (Note 6)	60	2,400
Canada Emergency Business Account loan payable (Note 7)	60,000	60,000
	177,728	208,028
Fund Balances		
General Fund	785,789	300,000
Internally Restricted Funds (Note 8)	3,246,618	1,976,606
Growth Fund (Note 2)	-	702,806
Endowment Funds	108,629	105,246
	4,141,036	3,084,658
	\$ 4,318,764	\$ 3,292,686

Approved on behalf of the Board:



Director



Director

BE IN CHRIST CHURCH OF CANADA

Statement of Operations

Year ended December 31, 2022

	General Fund	Internally Restricted Funds	Total 2022	Total 2021
Revenues				
Shared contributions	\$ 967,475	\$ -	\$ 967,475	\$ 1,059,784
Contributions for Network Churches	-	136,349	136,349	178,283
Investment income (loss)	(43,388)	54,237	10,849	209,956
Designated contributions	425	1,330	1,755	11,556
Other (Note 9)	51,930	-	51,930	29,541
	976,442	191,916	1,168,358	1,489,120
Expenses				
Denomination leadership	711,219	4,603	715,822	660,282
Church planting and partnerships	22,483	184,615	207,098	340,535
General and administration	148,344	-	148,344	139,527
Pastoral and congregational services	113,180	-	113,180	73,650
Global Ministry (Note 10)	80,000	-	80,000	86,808
Next Generation Ministries	56,394	-	56,394	40,702
Camp Kahquah support (Note 11)	48,000	-	48,000	60,229
	1,179,620	189,218	1,368,838	1,401,733
Excess (deficiency) of revenues over expenses from operations	(203,178)	2,698	(200,480)	87,387
Other income (disbursements)				
Proceeds from property sales (Note 4)	-	1,425,997	1,425,997	702,525
Purchase of property (Note 4)	-	-	-	(1,750,510)
Funds returned to churches (Note 3)	-	(169,139)	(169,139)	(111,098)
	-	1,256,858	1,256,858	(1,159,083)
Excess (deficiency) of revenues over expenses	\$ (203,178)	\$ 1,259,556	\$ 1,056,378	\$ (1,071,696)



BE IN CHRIST CHURCH OF CANADA

Statement of Changes in Fund Balances

Year ended December 31, 2022

	General Fund	Internally Restricted Funds	Growth Fund (Note 2)	Endowment Funds	Total 2022	Total 2021
Balance, beginning of year	\$ 300,000	\$ 1,976,606	\$ 702,806	\$ 105,246	\$ 3,084,658	\$ 4,156,354
Cash (Note 5)						
Excess (deficiency) of revenues over expenses	(203,178)	1,256,173	-	3,383	1,056,378	(1,071,696)
Interfund transfers (Note 8)	688,967	13,839	(702,806)	-	-	-
Balance, end of year	\$ 785,789	\$ 3,246,618	\$ -	\$ 108,629	\$ 4,141,036	\$ 3,084,658



BE IN CHRIST CHURCH OF CANADA

Statement of Cash Flows

December 31, 2022

	Total 2022	Total 2021
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenues over expenses	\$ 1,056,378	\$ (1,071,696)
Cash (Note 5)	43,415	(103,245)
Changes in		
Accounts receivable	(20,713)	2,236
Harmonized Sales Tax recoverable	142,834	(151,113)
Prepaid expenses and advance payments	(6,421)	(5,934)
Accounts payable and accrued liabilities	(27,960)	38,380
Deferred revenues	-	(5,000)
	1,187,533	(1,296,372)
Investing activity		
Change in investments (net)	103,423	1,454,767
Financing activities		
Advances from (to) related parties (net)	(2,340)	9,694
Increase in cash	1,288,616	168,089
Cash, beginning of year	366,773	198,684
Cash, end of year	\$ 1,655,389	\$ 366,773



BE IN CHRIST CHURCH OF CANADA

Notes to Financial Statements

Year ended December 31, 2022

1. Nature and purpose of operations

Be In Christ Church of Canada (the "Organization") was federally incorporated without share capital under the Canada Not-for-profit Corporations Act and is a registered charity, exempt from income taxes under Section 149(1) for the Income Tax Act (Canada).

The Organization serves as the denominational headquarters for the Be In Christ Churches in Canada, providing oversight and assistance to them. The continued operations of the Organization is dependent on the continued support of its members.

BIC Canada-Global

The Organization and BIC Canada-Global (formerly Brethren in Christ World Missions) are commonly controlled by the same Board of Directors. BIC Canada-Global is an unincorporated registered charity. Its purpose is to support and extend its ministry by partnering and labouring cross-culturally with other Christian believers to share faith, disciple, teach, train, serve, minister to humanity's needs, and plant churches. Summary financial information is disclosed in Note 10.

Camp Kahquah

The Organization is the beneficial owner of Camp Kahquah Corporation Limited (the "Camp"), which was incorporated under the Ontario Business Corporations Act on May 31, 1963, and continued under the Ontario Not-for-Profit Corporations Act when it came into force on October 19, 2021. The Camp, a registered charity, operates on the shores of Ahmic Lake, near Magnetawan, Ontario. Summary financial information is included in Note 11.

2. Summary of significant accounting policies

Basis of presentation

The financial statements are the representation of management and have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") in Part III of the CPA Canada Handbook and include the following significant accounting policies:



BE IN CHRIST CHURCH OF CANADA

Notes to Financial Statements

Year ended December 31, 2022

2. Summary of significant accounting policies - cont'd

Fund accounting

The accounts are maintained in accordance with the principles of fund accounting, whereby fund balances of the Organization are classified for accounting and reporting purposes into funds to be used according to the direction of the donor or as determined by the Organization.

General Fund

The General Fund consists of unrestricted contributions and other revenue and related expenses for the program delivery, administrative activities, and working capital requirements of the Organization.

Internally Restricted Funds and Growth Fund

The Organization has a number of internally restricted funds, as well as the Growth Fund, held for various projects and initiatives (Note 8). The use of these funds is at the discretion of the Board of Directors. Effective December 31, 2022, the Growth Fund was transferred to the General Fund and this fund was closed.

Endowment Funds

The Endowment Funds report funds donated by individuals to be held in perpetuity, as well as accumulated investment income awaiting designation by the donors.

Interfund transfers

Transfers between funds are made when resources of one fund have been authorized to finance activities and acquisitions in another fund.

Revenue recognition

The Organization follows the restricted fund method of accounting for contributions.

Externally restricted revenues are recognized as revenues of the appropriate restricted fund in the year received. Externally restricted revenues to the General Fund are recorded as deferred revenues and subsequently recognized as revenues as the related expenses are incurred. If a project or mission for which funds had been contributed is overfunded or ceases, the funds are utilized at the discretion of the Organization.

Unrestricted contributions are recognized as revenues in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Government assistance in the form of the forgivable portion of the CEBA loan (Note 7) will be recognized in the year the minimum payment is made.



BE IN CHRIST CHURCH OF CANADA

Notes to Financial Statements

Year ended December 31, 2022

2. Summary of significant accounting policies - cont'd

Revenue recognition - cont'd

Endowment contributions are recognized as revenues of the appropriate endowment fund in the year received.

Investment and other income is recognized as earned.

Financial instruments

The Organization's financial instruments are comprised of cash, accounts receivable, investments, accounts payable, due to related parties, and the Canada Emergency Business Account loan payable.

Financial instruments are initially recorded at their fair value. The Organization subsequently measures its financial instruments at their amortized cost, except for marketable securities, which are measured at their fair value. Unrealized gains or losses in the fair value of investments is recorded in the statement of operations.

Church properties

The Organization has title to, but no beneficial interest in, church properties of its members. Accordingly, the value of these properties is recorded in the financial statements of the Organization at a nominal amount, even when the church property has been purchased by the Organization on a member church's behalf. When it is determined that a member church is not continuing operations, the beneficial ownership of the property will pass to the Organization.

Proceeds from property sales (purchases of property) on behalf of member churches are recorded in the statement of operations as other income (disbursements) in the year in which they occur.

Impairment of long-lived assets

The Organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of long-lived assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.



BE IN CHRIST CHURCH OF CANADA

Notes to Financial Statements

Year ended December 31, 2022

2. Summary of significant accounting policies - cont'd

Measurement uncertainty

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 at the date of the financial statements and the reported amounts of revenues and expenses during the year. Such estimates are periodically reviewed and any adjustments necessary are reported in the year in which they become known. Actual results could differ from these estimates.

3. Investments

	2022	2021
Fixed-interest earning deposits	\$ 1,712,961	\$ 1,816,385
Marketable securities	831,424	874,838
	<u>\$ 2,544,385</u>	<u>\$ 2,691,223</u>

Investments consist of funds held in support of the internally restricted funds and the General Fund, and are invested with the BIC Fund. The BIC Fund (formerly The Brethren in Christ Fund) is a separately incorporated entity, governed by an independent board, and is a loan fund that manages invested funds and provides lending to Be In Christ churches and ministries.

Investments consist of deposits which earn interest in the range of 3% to 4% (2021 - 3%) per annum and have no maturity dates, as well as a portfolio of marketable securities invested in the stock market.

Of the investments held for network churches, \$169,139 (2021 - \$111,098) was returned to churches during the year, and recorded in the statement of operations as a disbursement.

4. Church properties

The Organization has title to, but no beneficial interest in, church properties of its members. Accordingly, the value of these properties is recorded in the financial statements of the Organization at a nominal amount, even when the church property has been purchased by the Organization on a member church's behalf. When it is determined that a member church is not continuing operations, the beneficial ownership of the property will pass to the Organization.



BE IN CHRIST CHURCH OF CANADA

Notes to Financial Statements

Year ended December 31, 2022

4. Church properties - cont'd

The Organization has title to the following properties:

Boyle, St. Ann's, ON
Camp Kahquah, Magnetawan, ON
Clearview, Kindersley, SK
Covenant Church, Penetang, ON
Crossroads, Puslinch, ON
Delisle BIC, Delisle, SK
Fallsview, Niagara Falls, ON
Fordwich BIC, Fordwich, ON
Heise Hill, Gormley, ON
Kirkland Lake, Kirkland Lake, ON
Massey Place BIC, Saskatoon, SK
New Life, Collingwood, ON
New Life Christian Church, Toronto, ON
Oak Ridges, Richmond Hill, ON
Orchard Creek, Thorold, ON
Port Colborne BIC, Port Colborne, ON
Riverside, Fort Erie, ON
Rosebank, New Dundee, ON
Sauble Christian Fellowship, Sauble Beach, ON
Stayner BIC, Stayner, ON
The Dwelling Place, Springvale, ON
The Meeting House Sandbanks, Sandbanks, ON
The Mission, Houghton, ON
Trinitylife, Sherkston, ON
Wainfleet BIC, Wainfleet, ON
Westheights BIC, Kitchener, ON
Welland BIC, Welland, ON

On January 31, 2022 the Organization sold the property of New Hope Church for net proceeds of \$874,085. On November 15, 2022, the Organization sold the property of Pathway Community Church for net proceeds of \$551,912.

During fiscal year 2021, on February 26, 2021, the Organization sold the property of Welland BIC Church for net proceeds of \$702,525. On November 4, 2021, the Organization purchased property for Welland BIC Church for a total of \$1,750,510.



BE IN CHRIST CHURCH OF CANADA

Notes to Financial Statements

Year ended December 31, 2022

5. Pension

The Organization and its member churches participate in the Canadian Council of Christian Charities ("CCCC") Employees' Pension Plan. As a service to its churches, the Organization handles the collection of all pension contributions and remits them on their behalf to the CCCC. Included in cash and accounts payable and accrued liabilities is \$51,271 (2021 - \$59,298) in pension contributions collected.

The CCCC plan is a defined contribution plan under which the employer contributes 8% of the participant's gross pay and the participants contribute 5% of their gross pay. Participants are able to provide voluntary contributions in addition to the above-defined contributions.

The employees of the Organization also participate in the pension plan. The total pension expense for the year was \$59,829 (2021 - \$59,688).

6. Due to related parties

The Be In Christ community includes a number of entities that have common objectives but that are governed by independent boards of directors.

Included in the due to related parties balance is \$60 (2021 - \$2,400) due to BIC Canada-Global (Note 10).

Related party balances are non-interest bearing and have no fixed terms of repayment.

7. Canada Emergency Business Account loan payable

In 2020, the Organization received the Canada Emergency Business Account ("CEBA") loan, which is an interest-free loan of \$60,000 to assist with the operating cash flow needs of the Organization. The loan is interest-free for the initial term up to December 31, 2023. As part of the program, \$20,000 of the loan will be forgiven if \$40,000 is repaid in full on, or before, December 31, 2023. From the period commencing December 31, 2023 to the extended term date of December 31, 2025, the loan will bear an annual interest rate of 5%.



BE IN CHRIST CHURCH OF CANADA**Notes to Financial Statements**

Year ended December 31, 2022

8. Internally Restricted Funds

	Balances, beginning of year	Excess (deficiency) of revenues over expenses	Interfund Transfers	Balances, end of year
Funds Held for Member Churches	\$ 1,302,898	\$ 1,290,203	\$ -	\$ 2,593,101
Group Health Contingency Fund	530,137	17,036	-	547,173
Bethel Cemetery Fund	14,340	475	-	14,815
Historical Society Fund	3,371	(2,542)	982	1,811
Network Churches				
Belleville Fund	44,398	(13,062)	30,000	61,336
Hamilton Fund	29,407	-	(29,407)	-
Oakville Fund	21,603	(6,463)	(15,140)	-
Brockville Fund	13,113	(18,939)	25,000	19,174
Vancouver Fund	11,136	(5,144)	(5,992)	-
Kingston Fund	6,203	(14,001)	7,798	-
Alliston Fund	-	9,208	-	9,208
Ancaster Fund	-	(598)	598	-
	\$ 1,976,606	\$ 1,256,173	\$ 13,839	\$ 3,246,618

9. BIC Fund support

Included in other income is \$50,000 (2021 - \$Nil) of wage subsidy received from the BIC Fund.



BE IN CHRIST CHURCH OF CANADA

Notes to Financial Statements

Year ended December 31, 2022

10. BIC Canada-Global

Summary financial information for BIC Canada-Global's fiscal year ended December 31, 2022 is as follows:

	2022 <i>(Unaudited)</i>	2021 <i>(Unaudited)</i>
Financial position:		
Assets	\$ 278,753	\$ 277,094
Liabilities	(209,758)	(211,856)
Fund balances	\$ 68,995	\$ 65,238
Results of operations:		
Revenues	\$ 414,800	\$ 374,212
Expenses	(411,043)	(379,860)
Excess (deficiency) of revenues over expenses	\$ 3,757	\$ (5,648)
Cash flows:		
Cash flows from operating activities	\$ 3,236	\$ 30,639
Cash flows from investing activities	-	201,769
Cash flows from (used in) financing activities	2,340	(29,694)
Net increase in cash	\$ 5,576	\$ 202,714

During the year, the Organization contributed \$80,000 (2021 - \$86,808) of shared funds to BIC Canada-Global.

Transactions with BIC Canada-Global are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to between the related parties.



BE IN CHRIST CHURCH OF CANADA

Notes to Financial Statements

Year ended December 31, 2022

11. Camp Kahquah

The following summary financial information for the Camp for the year ended December 31, 2022 has been prepared by the Camp's management, is presented for information purposes only, has not been audited, and is not covered by the independent auditor's report.

	2022 <i>(Unaudited)</i>	2021 <i>(Unaudited)</i>
Financial position:		
Assets	\$ 1,256,929	\$ 1,185,366
Liabilities	(221,755)	(203,501)
Fund balances	\$ 1,035,174	\$ 981,865
Results of operations:		
Revenues	\$ 709,419	\$ 623,463
Expenses	(619,390)	(450,783)
Other	(36,720)	(36,559)
Excess of revenues over expenses	\$ 53,309	\$ 136,121
Cash flows:		
Cash flows from operating activities	\$ 124,886	\$ 254,955
Cash flows used in investing activities	(179,143)	(247,080)
Cash flows from financing activities	5,873	30,990
Net increase in cash	\$ (48,384)	\$ 38,865

During the year, the Organization contributed funds of \$48,000 (2021 - \$49,229) to the Camp and professional fees of \$Nil (2021 - \$11,000).

Transactions with the Camp are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to between the related parties.



BE IN CHRIST CHURCH OF CANADA

Notes to Financial Statements

Year ended December 31, 2022

12. Financial instrument risks

The Organization's main financial instrument risk exposures, which remain consistent with the prior year, are as follows:

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the market interest rates. The Organization is exposed to interest rate risk with respect to its fixed income investments.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization is exposed to other price risk with respect to its investments in marketable securities.

It is management's opinion that the Organization is not exposed to significant credit, liquidity, or currency risks arising from its financial instruments.

13. Comparative amounts

Certain comparative amounts have been reclassified to conform to the current year's financial statement presentation.