

The Bridge on 20th Fellowship Centre Inc.

Financial Statements

October 31, 2019

Independent Auditor's Report

To the Members of
The Bridge on 20th Fellowship Centre Inc.

Opinion

We have audited the financial statements of The Bridge on 20th Fellowship Centre Inc., which comprise the statement of financial position as at October 31, 2019, 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.

Except as noted in the following paragraph, in our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at October 31, 2019 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.

Basis for Opinion

In common with many not-for-profit organizations, the organization derives revenue from fundraising activities and general donations, the completeness or classification of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenues over expenses, and cash flows from operations for the years ended October 31, 2019 and 2018, current assets as at October 31, 2019 and 2018, and net assets as at November 1 and October 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended October 31, 2018 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 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 ASNPO, 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.

Independent Auditor's Report, continued

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.

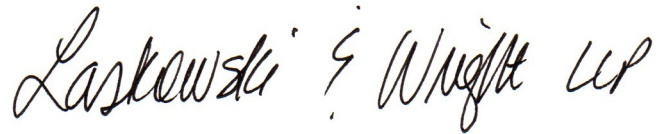
Auditor's Responsibilities for the Audit of the Financial Statements

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 organization'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 organization'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 organization 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.
- ♦ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the organization to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report, continued

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 "Laskowski & Wright LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants

Warman, Saskatchewan

April 8, 2020

The Bridge on 20th Fellowship Center Inc.

Statement of Financial Position

As at October 31, 2019

	Operating Fund	Capital Fund	2019 Total	2018 Total
Assets				
Current				
Cash	\$ 72,992	\$ 2,095	\$ 75,087	\$ 63,686
GST rebate receivable	2,296	-	2,296	3,561
Prepaid expenses	1,688	-	1,688	2,515
	<u>\$ 76,976</u>	<u>\$ 2,095</u>	<u>\$ 79,071</u>	<u>\$ 69,762</u>
Capital assets (Note 3)	-	2,394,577	2,394,577	2,483,818
	<u>\$ 76,976</u>	<u>\$ 2,396,672</u>	<u>\$ 2,473,648</u>	<u>\$ 2,553,580</u>
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	\$ 3,416	-	\$ 3,416	\$ 5,530
Interest payable	204	491	695	744
Payroll liabilities (Note 4)	15,331	-	15,331	17,543
Promissory note payable (Note 5)	25,000	-	25,000	50,000
Demand loan payable (Note 6)	57,453	138,145	195,598	209,277
	<u>\$ 101,404</u>	<u>\$ 138,636</u>	<u>\$ 240,040</u>	<u>\$ 283,094</u>
Fund balances				
Operating	(24,428)	-	(24,428)	(77,104)
Capital				
Externally restricted (Note 7)	-	2,095	2,095	11,612
Internally restricted	-	(138,636)	(138,636)	(147,840)
Invested in tangible (Note 8)	-	2,394,577	2,394,577	2,483,818
	<u>-</u>	<u>2,258,036</u>	<u>2,258,036</u>	<u>2,347,590</u>
	<u>(24,428)</u>	<u>2,258,036</u>	<u>2,233,608</u>	<u>2,270,486</u>
	<u>\$ 76,976</u>	<u>\$ 2,396,672</u>	<u>\$ 2,473,648</u>	<u>\$ 2,553,580</u>

Approved by the Board

Director _____

Director _____

The Bridge on 20th Fellowship Center Inc.

Statement of Operations

For the year ended October 31

	Operating Fund	Capital Fund	2019 Total	2018 Total
Revenues				
Donations	\$ 653,978	\$ -	\$ 653,978	\$ 658,218
Fundraising	64,656	-	64,656	47,824
Donations - gift in kind	12,557	-	12,557	16,977
Other	8,568	-	8,568	2,637
Capital grants	-	-	-	6,000
	<u>739,759</u>	<u>-</u>	<u>739,759</u>	<u>731,656</u>
Expenditures				
Advertising and promotion	3,610	-	3,610	1,573
Amortization	-	99,129	99,129	100,962
Automotive	2,046	-	2,046	4,215
Caregiving, worship and discipleship	13,310	-	13,310	16,886
Donations	1,383	-	1,383	2,986
Fundraising event expenses	6,228	-	6,228	10,555
Food and kitchen supplies	29,366	-	29,366	29,129
Honorarium	300	-	300	1,350
Insurance	6,482	-	6,482	9,728
Interest and bank charges	5,165	7,166	12,331	12,056
Office	33,230	-	33,230	25,410
Professional fees	7,086	-	7,086	5,518
Repairs and maintenance	10,819	-	10,819	8,250
Staff and volunteer appreciation	1,777	-	1,777	1,794
Travel	2,324	-	2,324	4,583
Utilities	25,980	-	25,980	25,684
Wages and benefits	521,236	-	521,236	457,146
	<u>670,342</u>	<u>106,295</u>	<u>776,637</u>	<u>717,825</u>
Excess of revenues over expenses	\$ 69,417	\$ (106,295)	\$ (36,878)	\$ 13,831

The Bridge on 20th Fellowship Center Inc. Statement of Changes in Fund Balances

For the year ended October 31

	Operating Fund	Capital Fund	2019 Total	2018 Total
Balance, beginning of the year	\$ (77,104)	\$ 2,347,590	\$ 2,270,486	\$ 2,256,655
(Deficiency) excess of revenue over expenses	69,417	(106,295)	(36,878)	13,831
Transfer of funds	(16,741)	16,741	-	
Balance, end of the year	\$ (24,428)	\$ 2,258,036	\$ 2,233,608	\$ 2,270,486

See accompanying notes

The Bridge on 20th Fellowship Centre Inc.

Statement of Cash Flows

For the year ended October 31	2019	2018
Operating activities		
(Deficiency) excess of revenues over expenditures	\$ (36,878)	\$ 13,831
Adjustment for		
Amortization	99,129	100,962
	62,251	114,793
Change in non-cash working capital items		
Accounts receivable	-	41,114
Prepaid expenses	827	(279)
Accounts payable and accrued liabilities	(2,114)	(154,368)
Payroll liabilities	(2,212)	(44,824)
GST receivable	1,265	51
	60,017	(43,513)
Investing activity		
Purchase of property, plant and equipment	(9,888)	(71,389)
Financing activities		
Decrease in note payable	(25,000)	(75,549)
Proceeds from demand loan payable	-	220,000
Repayment on demand loan payable	(13,728)	(10,723)
	(38,728)	133,728
Increase in cash	11,401	18,826
Cash, beginning of year	63,686	44,860
Cash, end of year	\$ 75,087	\$ 63,686

See accompanying notes

The Bridge on 20th Fellowship Centre Inc.

Notes to the Financial Statements

October 31, 2019

1. Nature of operations

The Bridge on 20th Fellowship Centre Inc. ("The Bridge") exists to be 'God's Body', sharing his unconditional love and meeting individual needs to provide a safe place to establish relationships and bridge God's lost back to him.

The Bridge is incorporated in Saskatchewan under the Non-Profit Corporations Act of Saskatchewan and is a registered charity within the meaning of the Canadian Income Tax Act.

2. Accounting policies

The organization applies the Canadian accounting standards for not-for-profit organizations.

(a) Basis of presentation

The purpose of the Operating Fund is to record the administrative and operating activities of the charity.

The purpose of the Capital Fund is to record all transactions related to the acquisition and improvement of tangible capital assets, as well as the related debt and net investment of the charity in such assets.

(b) Cash

Cash consists of balances with financial institutions.

(c) Property, plant and equipment

Purchased property, plant and equipment are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution.

The organization provides for amortization using the declining balance method at rates designed to amortize the cost of the equipment over their estimated useful lives. The annual amortization rates are as follows:

Buildings	4%
Computer equipment	55%
Furniture and fixtures	20%
Vehicles	30%

During the year, tax receipted gifts in kind in the amount of \$nil (2018 - \$2,776) in furniture and equipment and \$nil (2018 - \$3,239) in buildings were contributed to the organization and recorded as capital additions. This includes donated labour and materials for renovations as well as a sewing machine.

(d) Impairment of long-lived assets

The organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the 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.

The Bridge on 20th Fellowship Centre Inc.

Notes to the Financial Statements

October 31, 2019

2. Accounting policies, continued

(e) Revenue recognition

The organization follows the restricted fund method of accounting for restricted contributions. Restricted contributions are recognized as revenue of the appropriate restricted fund. When a restricted contribution is received for which there is not a restricted fund established, the contribution is deferred in the Operating Fund and recognized as revenue in the year in which the related expenses are incurred.

Sale of donated goods includes sales of used clothing and other goods that have been donated to the charity. Revenue is recognized at the point of sale.

The revenues related to the collection of unrestricted donations and fundraising activities are reported in the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(f) Contributed materials and services

A substantial number of volunteers and supporters contributed a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

The organization benefits from a variety of gifts in kind. Contributed materials are recorded in the financial statements at fair value on the date of the donation when a fair value can be reasonably estimated and when the materials are used in the normal course of operations and would otherwise have been purchased.

These gift in kind donations totaled \$12,577 for the year (2018 - \$10,962) and are included in the total value of donations - operating fund gifts in kind of \$12,577 (2018 - \$10,962).

Included in caregiving, worship and discipleship expense is \$4,062 (2018 - \$nil), included in groceries is \$8,054 (2018 - \$10,336), included in repairs and maintenances is \$nil (2018 - \$626) and included in office expense is \$461 (2018 - \$nil) for gifts in kind.

(g) Financial instruments

The organization's financial instruments consist of cash, accounts receivable, accounts payable, demand loan payable, and promissory note payable, which are initially recorded at their fair value and are subsequently measured at amortized cost, net of any provisions for impairment.

(h) Use of estimates

The preparation of 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 revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are property, plant and equipment.

The Bridge on 20th Fellowship Centre Inc.

Notes to the Financial Statements

October 31, 2019

3. Property, plant and equipment

	2019		2018	
	Cost	Accumulated amortization	Net	Net
Buildings	\$ 2,416,461	\$ 283,390	\$ 2,133,071	\$ 2,215,599
Computer equipment	11,887	8,648	3,239	7,197
Furniture and fixtures	40,699	15,019	25,680	27,974
Vehicles	24,500	21,000	3,500	3,961
Land	229,087	-	229,087	229,087
	\$ 2,722,634	\$ 328,057	\$ 2,394,577	\$ 2,483,818

4. Payroll liabilities

Included in payroll liabilities are government remittances in the amount of \$10,621 (2018 - \$9,347).

5. Promissory note payable

The promissory note payable is payable to a staff member. The note is interest free and shall be repaid no later than October 12, 2020.

6. Demand loan payable

	2019		2018	
4.99% Affinity Credit Union demand loan repayable in blended monthly instalments of \$1,975, due December 2022, secured by land and building	\$ 195,598		\$ 209,277	
Estimated principal repayments are as follows:				
2020	\$ 14,263		14,992	
2021	14,992		15,757	
2022	15,757		150,586	
2023	150,586		\$ 195,598	

7. Externally restricted capital fund

	2019		2018	
Balance, beginning of year	\$ 11,612		\$ 15,074	
Donations	-		82,457	
Interest expense	(7,166)		(6,476)	
Purchase of capital assets	(9,888)		(71,389)	
Debt repayment (internally restricted funds)	(9,204)		(64,955)	
Interfund transfers	16,741		56,901	
Balance, end of year	\$ 2,095		\$ 11,612	

The Bridge on 20th Fellowship Centre Inc.

Notes to the Financial Statements

October 31, 2019

8. Invested in tangible capital assets

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 2,483,818	\$ 2,513,391
Add: Purchases during the year	9,888	71,389
Less: Amortization of tangible assets	<u>(99,129)</u>	<u>(100,962)</u>
	<u>\$ 2,394,577</u>	<u>\$ 2,483,818</u>

9. Related party transactions

During the year, the organization incurred capital costs of \$nil (2018 - \$30,459) from a company owned by a board member. As a result of these transactions, included in accounts payable is an amount of \$nil (2018 - \$nil).

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

10. Financial instruments

(a) Liquidity risk

The organization does have a liquidity risk in the accounts payable and accrued liabilities. Liquidity risk is the risk that the organization cannot repay its obligations when they become due to its creditors. The organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The company is exposed to interest rate risk on its fixed rate financial instruments which subjects the organization to fair value risk.

11. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.