

THE BAPTIST WOMEN'S MISSIONARY SOCIETY OF ONTARIO AND QUEBEC

Financial Statements

December 31, 2020

THE BAPTIST WOMEN'S MISSIONARY SOCIETY OF ONTARIO AND QUEBEC

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Year Ended December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Members of The Baptist Women's Missionary Society of Ontario and Quebec

Qualified Opinion

We have audited the financial statements of The Baptist Women's Missionary Society of Ontario and Quebec (the "Society"), which comprise the statement of financial position as at December 31, 2020, and the statements of revenues and expenses, 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 possible 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 Society as at December 31, 2020, 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 Qualified Opinion

In common with many charitable organizations, the Society derives revenues from donations and offerings, 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 Society and we were not able to determine whether any adjustments might be necessary to the Society's revenues, excess (deficiency) of revenues over expenses and cash flows for the years ended December 31, 2020 and 2019, and assets and fund balances as at December 31, 2020 and 2019, and January 1, 2020 and 2019.

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 Society'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 the Society or to cease operations, or has no realistic alternative but to do so.

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

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Independent Auditor's Report to the Members of The Baptist Women's Missionary Society of Ontario and Quebec
(continued)

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.

Hogg, Shain & Scheck PC

Toronto, Ontario
April 12, 2021

Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

THE BAPTIST WOMEN'S MISSIONARY SOCIETY OF ONTARIO AND QUEBEC

Statement of Revenues and Expenses

Year Ended December 31, 2020

	Operating Fund	Restricted Funds	Total 2020	Total 2019
REVENUES				
Contributions				
Mission Circles	\$ 143,396	\$ -	\$ 143,396	\$ 150,953
Undesignated legacies	27,028	-	27,028	9,057
Designated donations for				
Canadian Baptist Ministries	18,055	-	18,055	15,180
Uptick	-	15,396	15,396	9,141
Special projects and other income	2,148	4,246	6,394	26,666
Other individual and church donations	4,250	-	4,250	16,652
Day of Prayer	3,948	-	3,948	8,622
Christmas and emergency	-	677	677	1,249
Government assistance				
Canadian Emergency Wage Subsidy	46,937	-	46,937	-
Forgivable portion of CEBA loan payable	10,000	-	10,000	-
"Live" magazine				
Advertising and other (Note 9)	28,061	-	28,061	21,621
Subscriptions	16,628	-	16,628	18,486
Conference				
Offering	582	-	582	4,650
Registration fees	-	-	-	16,130
	<u>301,033</u>	<u>20,319</u>	<u>321,352</u>	<u>298,407</u>
EXPENSES (Detailed Schedule)				
Salaries and administration	199,387	-	199,387	208,435
Canadian Baptist Ministries	53,000	-	53,000	50,000
Communications	48,737	-	48,737	55,924
Refugees and community mission	28,155	-	28,155	55,147
Other mission	7,048	3,435	10,483	19,299
Programs and events	1,095	5,718	6,813	24,401
	<u>337,422</u>	<u>9,153</u>	<u>346,575</u>	<u>413,206</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	<u>(36,389)</u>	<u>11,166</u>	<u>(25,223)</u>	<u>(114,799)</u>
OTHER INCOME (EXPENSES)				
Investment income (Note 10)	27,748	-	27,748	28,193
Unrealized gains (losses) on investments	(7,768)	-	(7,768)	80,382
Investment fees	(9,251)	-	(9,251)	(10,630)
	<u>10,729</u>	<u>-</u>	<u>10,729</u>	<u>97,945</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ (25,660)</u>	<u>\$ 11,166</u>	<u>\$ (14,494)</u>	<u>\$ (16,854)</u>

See the accompanying notes to these financial statements

THE BAPTIST WOMEN'S MISSIONARY SOCIETY OF ONTARIO AND QUEBEC

Detailed Schedule of Expenses

Year Ended December 31, 2020

	2020	2019
Salaries and administration		
Salaries and benefits	\$ 158,457	\$ 159,190
Professional services (accounting, audit, legal)	23,017	19,448
Rent, phone, and office expenses	16,145	23,080
Board and staff meetings	1,768	6,717
	<u>\$ 199,387</u>	<u>\$ 208,435</u>
Communications		
"Live" magazine	\$ 43,420	\$ 48,993
READon honorarium	2,500	2,500
Resource copying and printing	2,044	2,645
Website, social media, and database	609	580
Promotion	164	1,206
	<u>\$ 48,737</u>	<u>\$ 55,924</u>
Refugees and community mission		
Refugees (Matthew Houses)	\$ 20,455	\$ 20,000
Oasis Dufferin Centre	5,000	11,000
Friendship House	2,400	2,400
Grant top-ups	300	5,500
Special projects	-	16,205
Short-term mission trips	-	42
	<u>\$ 28,155</u>	<u>\$ 55,147</u>
Canadian Baptist Ministries		
	<u>\$ 53,000</u>	<u>\$ 50,000</u>
Programs and events		
Uptick	\$ 5,717	\$ 7,730
Conference	1,096	16,671
	<u>\$ 6,813</u>	<u>\$ 24,401</u>
Other mission		
Day of Prayer	\$ 3,947	\$ 8,622
Restricted projects	3,436	7,177
Canadian Baptist Women's Committee	3,100	3,500
	<u>\$ 10,483</u>	<u>\$ 19,299</u>

See the accompanying notes to these financial statements

THE BAPTIST WOMEN'S MISSIONARY SOCIETY OF ONTARIO AND QUEBEC

Statement of Financial Position

As at December 31, 2020

	Operating Fund	Designated Fund	Legacies Fund	Special Projects Fund <i>(Note 8)</i>	Endowment Fund	Total 2020	Total 2019
ASSETS							
Current							
Cash	\$ 150,343	\$ -	\$ -	\$ -	\$ -	\$ 150,343	\$ 158,925
Accounts receivable	31,450	-	-	-	-	31,450	46,963
Prepaid expenses	11,584	-	-	-	-	11,584	7,371
	193,377	-	-	-	-	193,377	213,259
Life insurance, cash surrender value <i>(Note 3)</i>	41,540	-	-	-	-	41,540	39,766
Investments <i>(Note 4)</i>	252,737	162,049	60,016	130,220	148,554	753,576	719,812
	\$ 487,654	\$ 162,049	\$ 60,016	\$ 130,220	\$ 148,554	\$ 988,493	\$ 972,837
LIABILITIES							
Current							
Accounts payable and accrued liabilities <i>(Note 5)</i>	\$ 55,928	\$ -	\$ -	\$ -	\$ -	\$ 55,928	\$ 57,128
Deferred revenues <i>(Note 6)</i>	39,340	-	-	-	-	39,340	37,990
	95,268	-	-	-	-	95,268	95,118
Canada Emergency Business Account ("CEBA") loan payable <i>(Note 7)</i>	30,000	-	-	-	-	30,000	-
	125,268	-	-	-	-	125,268	95,118
FUND BALANCES							
Unrestricted	362,386	-	-	-	-	362,386	368,774
Externally restricted	-	162,049	-	30,000	-	192,049	191,922
Endowment Fund	-	-	-	-	148,554	148,554	148,554
Internally restricted	-	-	60,016	100,220	-	160,236	168,469
	362,386	162,049	60,016	130,220	148,554	863,225	877,719
	\$ 487,654	\$ 162,049	\$ 60,016	\$ 130,220	\$ 148,554	\$ 988,493	\$ 972,837

APPROVED ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

See the accompanying notes to these financial statements

THE BAPTIST WOMEN'S MISSIONARY SOCIETY OF ONTARIO AND QUEBEC

Statement of Changes in Fund Balances

Year Ended December 31, 2020

	Operating Fund	Designated Fund	Legacies Fund	Special Projects Fund	Endowment Fund	Total 2020	Total 2019
BALANCES - BEGINNING OF YEAR	\$ 368,774	\$ 161,922	\$ 79,288	\$ 119,181	\$ 148,554	\$ 877,719	\$ 894,573
Excess (deficiency) of revenues over expenses	(25,660)	127	-	11,039	-	(14,494)	(16,854)
Transfer of 100% of undesignated legacies received in current year	(27,028)	-	27,028	-	-	-	-
Transfer of 20% of total original undesignated legacies	46,300	-	(46,300)	-	-	-	-
BALANCES - END OF YEAR	\$ 362,386	\$ 162,049	\$ 60,016	\$ 130,220	\$ 148,554	\$ 863,225	\$ 877,719

See the accompanying notes to these financial statements

THE BAPTIST WOMEN'S MISSIONARY SOCIETY OF ONTARIO AND QUEBEC

**Statement of Cash Flows
Year Ended December 31, 2020**

	2020	2019
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (14,494)	\$ (16,854)
Items not affecting cash:		
Unrealized losses (gains) on investments	7,768	(80,382)
Unrealized gain in life insurance, cash surrender value	<u>(1,774)</u>	<u>(3,292)</u>
	<u>(8,500)</u>	<u>(100,528)</u>
Changes in non-cash working capital:		
Accounts receivable	15,513	16,162
Prepaid expenses	(4,213)	(2,504)
Accounts payable and accrued liabilities	(1,200)	(6,410)
Deferred revenues	<u>1,350</u>	<u>(6,960)</u>
	<u>11,450</u>	288
Cash flows used by operating activities	<u>2,950</u>	<u>(100,240)</u>
INVESTING ACTIVITY		
Change in investments (net) and cash flows from (used by) investing activity	<u>(41,532)</u>	127,627
FINANCING ACTIVITY		
Proceeds from Canada Emergency Business Account loan payable	<u>30,000</u>	-
NET INCREASE (DECREASE) IN CASH	(8,582)	27,387
CASH - BEGINNING OF YEAR	<u>158,925</u>	131,538
CASH - END OF YEAR	<u>\$ 150,343</u>	\$ 158,925

See the accompanying notes to these financial statements

THE BAPTIST WOMEN'S MISSIONARY SOCIETY OF ONTARIO AND QUEBEC

Notes to Financial Statements

Year Ended December 31, 2020

1. NATURE AND PURPOSE OF ORGANIZATION

The Baptist Women's Missionary Society of Ontario and Quebec (the "Society") was incorporated under the Corporations Act of the Province of Ontario on March 20, 1974 as a non-profit organization without share capital and is a registered charity. As such, the Society is exempt from income taxes under Section 149(1) of the Income Tax Act (Canada).

The Society's primary purpose is to unite the women of the Church in a fellowship that will provide for spiritual enrichment, and through worship, study, and involvement, will encourage commitment to the mission of the Church in the home, the community, the nation, and the world.

Impact of COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which resulted in a series of public health and emergency measures that were put in place to combat the spread of the virus.

The duration and impact of COVID-19 are unknown at this time. It is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results of the Society in future periods. The Society projects that it will be able to continue its programming with limited disruptions. Management continues to closely monitor and assess the impact on operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are the representation of management and are 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.

(a) Revenue recognition

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

Restricted funds are those subject to externally-imposed restrictions that govern their use. Contributions received towards a specific purpose are recognized as revenue of the appropriate restricted fund, to the extent one has been established; otherwise, restricted contributions are recorded under the deferral method of accounting in the Operating Fund.

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

Conference fees, "Live" subscriptions, advertising and other revenues are recognized when the conference and other performance activities are complete.

(b) Donated services

A number of people have contributed significant amounts of time to the activities of the Society without compensation. Donated services are not recognized in these financial statements as the Society would not otherwise purchase these services.

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THE BAPTIST WOMEN'S MISSIONARY SOCIETY OF ONTARIO AND QUEBEC

Notes to Financial Statements

Year Ended December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Fund accounting

The Society uses fund accounting whereby, for financial reporting purposes, the accounts have been classified into the following funds:

Operating Fund

This fund includes the day-to-day operating transactions of the Society. It also includes amounts received by the Society that are designated by the Board of Directors to be of an operating nature.

Restricted Funds

Designated Fund - This includes funds which have been externally designated for specific activities.

Legacies Fund - In keeping with the Society's guidelines of utilizing undesignated bequests to fund operating activities equally over a period of five years, the Legacies Fund regulates the utilization of undesignated bequests in the following manner:

- 100% of undesignated bequests received in the current year are transferred from the Operating Fund into the Legacies Fund.
- 20% of the original total value of the Legacies Fund is transferred annually into the Operating Fund to offset the current year's expenses.

Special Projects Fund - These funds are transferred from the operating surplus, in accordance with guidelines issued by the Board of Directors, and, unless otherwise noted, are internally restricted for future expenses. The funds are allocated to specific areas as shown in Note 8.

Endowment Fund - This fund is subject to externally-imposed stipulations specifying that the resources contributed be maintained permanently. Investment income earned on resources of the Endowment Fund is recognized in the Operating Fund.

(d) Financial instruments

The Society's financial instruments comprise cash, accounts receivable, the cash surrender value of life insurance, investments, accounts payable, and the Canada Emergency Business Account loan payable.

All financial instruments are recorded at fair value on initial recognition, and subsequently, at amortized cost, with the exception of investments, which are measured at fair value. Changes in fair value are recognized in the Statement of Revenues and Expenses.

(e) Use of estimates

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 reviewed periodically and any adjustments are reported in the year in which they become known. Actual results could differ from these estimates.

3. LIFE INSURANCE

The Society holds two life insurance policies in the name of two of its past members, receivable by the Society upon their death.

THE BAPTIST WOMEN'S MISSIONARY SOCIETY OF ONTARIO AND QUEBEC

Notes to Financial Statements

Year Ended December 31, 2020

4. INVESTMENTS

	2020	2019
Canadian equities	\$ 418,652	\$ 431,185
Fixed income and mutual funds	232,855	210,997
Foreign equities	102,069	77,630
	<u>\$ 753,576</u>	<u>\$ 719,812</u>

Fixed income investments include Guaranteed Investment Certificates earning minimum annual interest rates between 2.4% and 5.84% (2019 - 2.40% and 5.84%), with maturity dates between September 2021 and April 2025 (2019 - March 2020 and January 2024).

5. GOVERNMENT REMITTANCES PAYABLE

Included in accounts payable and accrued liabilities is \$2,681 (2019 - \$Nil) in government remittances payable related to payroll deductions for the month of December 2020.

6. DEFERRED REVENUES

	2020	2019
Designated gifts	\$ 33,265	\$ 33,165
Social Justice Initiatives	4,825	4,825
Government grant (Note 9)	1,250	-
	<u>\$ 39,340</u>	<u>\$ 37,990</u>

7. CANADA EMERGENCY BUSINESS ACCOUNT ("CEBA") LOAN PAYABLE

During the year, the Society was approved for the Canada Emergency Business Account ("CEBA") loan of \$40,000. The CEBA loan is non-interest bearing up to the initial term date of December 31, 2022. From the period commencing December 31, 2022 to the extended term date of December 31, 2025, the loan will bear an annual interest rate of 5%.

Based on the CEBA Term Loan Agreement, if at least 75% of the original loan amount is repaid by December 31, 2022, the remaining balance will be forgiven. The Society intends to repay the loan by the due date and, as a result, the \$10,000 forgivable portion has been recognized as government assistance revenue in the current year.

Subsequent to the year end, the Society applied for an additional loan of \$20,000, which is also non-interest bearing. A further \$10,000 is forgivable if at least \$40,000 of the full \$60,000 loan balance is repaid by December 31, 2022.

THE BAPTIST WOMEN'S MISSIONARY SOCIETY OF ONTARIO AND QUEBEC

Notes to Financial Statements

Year Ended December 31, 2020

8. SPECIAL PROJECTS FUND

	Balance, beginning of year	Revenues	Expenses	Interfund transfers	Balance, end of year
New Life Legacy	\$ 55,000	\$ -	\$ -	\$ (1,400)	\$ 53,600
Uptick	6,411	15,396	5,717	1,400	17,490
Spiritual Life Retreats	10,365	-	-	-	10,365
Great Canadian Bible Study	3,430	2,887	2,887	-	3,430
Leadership Enrichment Fund	7,207	-	-	-	7,207
New Initiatives	4,028	1,350	-	-	5,378
Association Grants and Loans	2,000	-	-	-	2,000
Convention Bursary	740	9	-	-	749
Externally restricted for special projects	30,000	-	-	-	30,000
	\$ 119,181	\$ 19,642	\$ 8,604	\$ -	\$ 130,220

9. GOVERNMENT GRANT

The Society received a restricted grant from the Federal government totaling \$24,591 (2019 - \$19,591) in support of some of the costs incurred to publish the "Live" magazine. The terms of the grant indicate that it must be used for costs associated with the magazine and any excess funds are to be repaid to the government. As at December 31, 2020, the Society has unspent funds of \$1,250 (2019 - \$Nil), to be used in 2021 (*Note 6*).

10. INVESTMENT INCOME

The Society derives its investment income from an investment portfolio held with Scotia Wealth Management. The types of income earned within the portfolio are as follows:

	2020	2019
Dividends	\$ 13,764	\$ 21,735
Other income	13,575	6,220
Interest	5,956	5,914
Realized capital losses	(5,547)	(5,676)
	\$ 27,748	\$ 28,193

11. FINANCIAL RISKS

The Society is exposed to various risks arising from its financial instruments. The following provides information about the Society's risk exposure and concentration as at December 31, 2020, which is consistent with the prior year.

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THE BAPTIST WOMEN'S MISSIONARY SOCIETY OF ONTARIO AND QUEBEC

Notes to Financial Statements

Year Ended December 31, 2020

11. FINANCIAL RISKS (continued)

Credit risk

Credit risk arises from the potential that a counter-party will fail to perform its obligations. The Society is exposed to credit risk arising from its accounts receivable in respect of contributions from associations in the normal course of operations. It is the Society's assessment that its exposure to credit risk is not significant.

Market risk

Market risk is comprised of three types of risk: currency risk, interest rate risk, and other price risk.

Currency risk

Currency risk is the risk to the Society arising from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Society is exposed to currency risk on its investments in foreign equities.

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 Society is exposed to interest rate risk on 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 currency risk or interest rate risk). The Society is exposed to other price risk on its investments in equities. The Society uses professional, independent advisors to monitor its investment portfolio and provide low-risk investment solutions.

It is management's opinion that the Society is not exposed to significant liquidity risk.

12. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.
