



Financial Reports

July 1, 2022 – June 30, 2023 – Actual
July 1, 2023 – June 30, 2024 – Budget

Treasurer's Report
Actual Results for the Year Ended June 30, 2023

On behalf of the board of elders and staff, I want to thank our congregation for faithfully partnering with us in ministry through your prayers, volunteering, and financial giving throughout the year. Despite all the challenges that our community has faced in recent years, and continues to deal with today, our church family continues to demonstrate an ongoing commitment to living out Emmanuel's values including the value of generosity. We are incredibly grateful for God's provision that has allowed Emmanuel to continue to conduct its mission to "*Fully love God and all people for God's kingdom, pleasure, and glory*". May God's richest blessings rest on you and your families for your faithfulness. Below is a summary of the audited financial statements for 2022/2023.

Revenue:

- Total operating (\$390,797), capital (\$9,307), and designated ministries fund (\$33,526) donations, as well as facility rental income (\$2,285), totaled \$435,915 for the year, a decrease of \$193,030 from the total revenue of \$628,945 in the prior year.

General Operating Fund:

- Total operating revenues decreased approximately 31% for a total of \$393,082 comprised of general donations to the operating fund (\$390,797) and income from facility rentals (\$2,285).
- Total operating expenditures, comprised of personnel costs (71%), facility costs (18%), ministry costs (6%), and administration costs (5%) decreased by \$86,729 (14%) for a total of \$520,894.
- The resultant deficit in the operating fund for the year ending June 30, 2023, was \$127,812. The Board passed a motion approving the transfer of the balance in the internally restricted operating reserve (\$32,622) to the operating fund to partially cover this operating deficit. This transaction brought the restricted fund balance to zero effective June 30, 2023. This means that Emmanuel was not able to comply with its Financial Policy, Section 10.2 which dictates that the internally restricted operating reserve balance should be maintained at a minimum of 5% (\$28,358) to a maximum of 10% (\$56,716) of the previous year's (2021/2022) operating donations (\$567,165).

Capital Fund:

- Donations for the year to the Capital Fund were \$9,307, a decrease of \$812 over the prior year.
- Expenditures in the year totaled \$41,276, an increase of \$20,381 over the prior year. The total current year expenses reported were comprised of depreciation (\$29,110) on tangible capital assets and major repairs (\$12,166). The result is a net deficit for the 2022/2023 fiscal year of \$31,969 (\$9,307 – 29,110 – 12,166).
- On June 30, 2022, the capital fund had a positive ending balance of \$105,642 made up of the net book value (NBV) of tangible capital assets (\$98,055) and the balance in the externally restricted capital fund (\$7,587). On June 30, 2023, the positive ending balance is \$73,673. This balance is equal to the NBV of Emmanuel's tangible capital assets at year end (Note 4 on page 11) and the externally restricted capital fund which was brought to a zero balance at year end (Note 7 on page 12 of the audited statements).

Restricted Funds:

- Total externally restricted operating funds donations were \$33,526, a decrease of \$14,999 over the prior year. Disbursements from the funds were \$31,418, an increase of \$4,678. The Board passed a motion to allow the unrestricted memorial fund balance (\$26,263) to be transferred to the internally restricted operating fund and subsequently to the operating fund to help offset the current year's operating deficit. This leaves a balance of \$37,867 in externally restricted funds, a decrease of \$24,155 from the prior year. This total includes the Refugee Fund (\$29,198), the Caring Fund (\$6,138), the Youth Missions Fund (\$1,572), and 2 small fund amounts.
- A breakdown of the donations and related disbursements for each of the designated ministries is reported in the audited statements (Schedule 2 – Restricted Funds on page 8).

EMMANUEL BAPTIST CHURCH

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

To the Members of
Emmanuel Baptist Church

Qualified Opinion

We have audited the accompanying financial statements of Emmanuel Baptist Church, which comprise the statement of financial position as at June 30, 2023 and the statements of revenue and expenditures, changes in fund balances and cash flows and schedules for the year then ended, along with the summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* paragraph, the financial statements present fairly, in all material respects, the financial position of Emmanuel Baptist Church as at June 30, 2023 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 Qualified Opinion

In common with many charitable organizations, the church derives revenue from the general public in the form of donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of revenue was limited to the amounts recorded in the records of the church and we were not able to determine whether any adjustments might be necessary to revenue, excess (deficiency) of revenue over expenditures for the year, assets and fund balances.

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 Emmanuel Baptist Church 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.

Emphasis of Matter

Without qualifying our report further, we draw attention to note 9 of the financial statements which outlines some conditions to indicate the existence of a material uncertainty that may cast doubt about the church's ability to continue as a going concern.

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 Emmanuel Baptist Church'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 Emmanuel Baptist Church or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Emmanuel Baptist Church'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. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise 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 Emmanuel Baptist Church'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 Emmanuel Baptist Church'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 Emmanuel Baptist Church 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.

Heagy LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Saskatoon, SK
October 25, 2023

EMMANUEL BAPTIST CHURCH

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30

	Operating Fund \$	Capital Fund \$	Restricted Funds \$	Total 2023 \$	Total 2022 \$
ASSETS (note 5)					
CURRENT ASSETS					
Cash	1,552	(1,000)	37,867	38,419	153,866
Accounts receivable (note 3)	2,350	-	-	2,350	2,105
Prepaid expenses	-	1,000	-	1,000	-
	3,902	-	37,867	41,769	155,971
TANGIBLE CAPITAL ASSETS					
(notes 4 and 6)	-	73,673	-	73,673	98,055
	3,902	73,673	37,867	115,442	254,026
LIABILITIES					
CURRENT LIABILITIES					
Bank demand loan (note 6)	30,000	-	-	30,000	-
Accounts payable and accrued liabilities	41,855	-	-	41,855	46,326
Payroll taxes	974	-	-	974	7,414
	72,829	-	-	72,829	53,740
FUND BALANCES					
UNRESTRICTED	(68,927)	-	-	(68,927)	-
INVESTED IN TANGIBLE CAPITAL ASSETS	-	73,673	-	73,673	105,642
EXTERNALLY RESTRICTED (note 7) (schedule 2)	-	-	37,867	37,867	62,022
INTERNALLY RESTRICTED (note 8) (schedule 2)	-	-	-	-	32,622
	(68,927)	73,673	37,867	42,613	200,286
	3,902	73,673	37,867	115,442	254,026

SIGNED ON BEHALF OF THE BOARD

_____ Director

_____ Director

EMMANUEL BAPTIST CHURCH

STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEAR ENDED
JUNE 30

	Operating Fund \$	Capital Fund \$	Restricted Funds \$	Total 2023 \$	Total 2022 \$
BALANCE - BEGINNING OF YEAR	-	105,642	94,644	200,286	223,749
Excess (deficiency) of revenue over expenditures for the year	(127,812)	(31,969)	2,108	(157,673)	(23,463)
Transfer from restricted funds (note 8)	58,885	-	(58,885)	-	-
BALANCE (DEFICIT) - END OF YEAR	(68,927)	73,673	37,867	42,613	200,286

EMMANUEL BAPTIST CHURCH

STATEMENT OF REVENUE AND EXPENDITURES

FOR THE YEAR ENDED
JUNE 30

	Operating Fund \$	Capital Fund \$	Restricted Funds \$	Total 2023 \$	Total 2022 \$
REVENUE					
Donations	390,797	9,307	33,526	433,630	625,809
Rental	2,285	-	-	2,285	3,136
	393,082	9,307	33,526	435,915	628,945
EXPENDITURES (schedule 1)					
Personnel	368,246	-	-	368,246	412,771
Facilities	90,225	-	-	90,225	93,318
Administration	15,550	-	-	15,550	27,994
Outreach ministries	15,167	-	-	15,167	43,900
Discipleship ministries	10,973	-	-	10,973	15,176
Professional fees	9,177	-	-	9,177	7,300
Worship	5,911	-	-	5,911	6,605
Major repairs	4,109	12,166	-	16,275	-
Fellowship and hospitality	1,413	-	-	1,413	395
Care and support ministry	123	-	-	123	164
Depreciation	-	29,110	-	29,110	20,895
Designated disbursements (schedule 2)	-	-	31,418	31,418	26,740
	520,894	41,276	31,418	593,588	655,258
	(127,812)	(31,969)	2,108	(157,673)	(26,313)
GAIN ON DISPOSAL OF TANGIBLE CAPITAL ASSETS					
	-	-	-	-	2,850
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES FOR THE YEAR					
	(127,812)	(31,969)	2,108	(157,673)	(23,463)

EMMANUEL BAPTIST CHURCH**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED
JUNE 30**

	2023	2022
	\$	\$
OPERATING ACTIVITIES		
Deficiency of revenue over expenditures for the year	(157,673)	(23,463)
Items not affecting cash -		
Depreciation	29,110	20,895
Loss on disposal of marketable securities	-	(2,850)
	(128,563)	(5,418)
Changes in non-cash working capital items -		
Accounts receivable	(245)	(246)
Prepaid expenses	(1,000)	1,028
Accounts payable and accrued liabilities	(4,471)	(836)
Payroll taxes	(6,440)	(162)
Cash Used In Operating Activities	(140,719)	(5,634)
FINANCING ACTIVITIES		
Proceeds of bank demand loan	30,000	-
Cash Provided By Financing Activities	30,000	-
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(4,728)	(4,352)
Proceeds on disposal of tangible capital assets	-	2,850
Cash Used In Investing Activities	(4,728)	(1,502)
DECREASE IN CASH POSITION	(115,447)	(7,136)
CASH POSITION - BEGINNING OF YEAR	153,866	161,002
CASH POSITION - END OF YEAR	38,419	153,866

EMMANUEL BAPTIST CHURCH**SCHEDULE 1 - OPERATING EXPENDITURES****FOR THE YEAR ENDED
JUNE 30**

	2023	2022
	\$	\$
PERSONNEL		
Salaries	307,545	340,560
Employee benefits	36,587	44,447
Canada pension plan	15,443	16,156
Employment insurance	6,101	6,734
Congregation contact	773	1,082
Books	574	907
Worker's compensation	469	1,197
Staff team building	304	1,188
Continuing education	232	385
Mileage	218	115
	368,246	412,771
FACILITIES		
Utilities	48,442	40,064
Repairs, maintenance and renovations	14,540	26,661
Insurance	17,627	17,643
Inspections and licensing	7,347	1,472
Supplies	1,220	1,315
Furnishings and equipment	959	3,702
Weddings and funerals	90	625
Vehicles	-	1,836
	90,225	93,318
OUTREACH MINISTRIES		
Canadian Baptists of Western Canada	4,584	10,716
Christmas presentation	3,860	3,439
The Quest	2,299	14,179
Easter presentation	2,121	3,925
Website	815	1,151
Community impact partnerships	764	-
Connection - outreach	351	200
Connection - community development	338	1,020
Advertising	35	32
Global impact partnerships	-	9,238
	15,167	43,900

EMMANUEL BAPTIST CHURCH

SCHEDULE 1 - OPERATING EXPENDITURES (continued)

FOR THE YEAR ENDED
JUNE 30

	2023	2022
	\$	\$
ADMINISTRATION		
Photocopier lease	5,820	5,820
Interest and bank charges	4,019	3,869
Maintenance	2,234	2,268
Accounting support	1,508	2,973
Supplies	1,024	1,230
Membership fees	720	650
Postage and courier	608	901
Conferences and honorariums	-	10,283
Printing (recovery)	(383)	-
	15,550	27,994
DISCIPLESHIP MINISTRIES		
Children's Ministry -		
Special events	425	3,574
Supplies	335	660
Curriculum	164	641
Leadership training	87	62
Nursery and toddlers	-	30
Adult Discipleship -		
Small group resources and training	1,915	2,078
Connection - Discipleship	616	96
Discipleship electives	394	-
Leadership development	384	-
Women's ministry	-	156
Youth Ministry -		
Sr. Youth	4,252	3,637
Jr. Youth	1,042	1,265
Evangelism	744	1,819
Leadership training	252	483
Supplies	180	520
College ministry	-	20
Seniors' Ministry -		
General ministry	183	135
	10,973	15,176

EMMANUEL BAPTIST CHURCH

SCHEDULE 1 - OPERATING EXPENDITURES

FOR THE YEAR ENDED

(continued)

JUNE 30

	2023	2022
	\$	\$
PROFESSIONAL FEES		
Financial audit	7,758	7,300
Legal	1,419	-
	<u>9,177</u>	<u>7,300</u>
WORSHIP		
Communion supplies	1,201	1,714
Music, books and copyright fees	1,089	1,255
Media projects	1,015	1,066
Decoration and banners	913	679
Instrument maintenance	829	597
Worship leadership development	330	250
Devotional resources	281	616
Connection - worship	145	220
Christmas Eve	108	208
	<u>5,911</u>	<u>6,605</u>
MAJOR REPAIRS	<u>4,109</u>	<u>-</u>
FELLOWSHIP AND HOSPITALITY		
Kitchen supplies	1,057	193
Connection - fellowship	356	202
	<u>1,413</u>	<u>395</u>
CARE AND SUPPORT MINISTRY		
Volunteer training and support	180	98
Support and recovery groups (recovery)	(57)	66
	<u>123</u>	<u>164</u>
TOTAL OPERATING EXPENDITURES	<u>520,894</u>	<u>607,623</u>

EMMANUEL BAPTIST CHURCH**SCHEDULE 2 - RESTRICTED FUNDS****FOR THE YEAR ENDED
JUNE 30, 2023**

	Balance beginning of year \$	Donations & other income \$	Disbursements \$	Transfers \$	Balance end of year \$
Externally restricted					
Caring	2,766	11,905	8,533	-	6,138
Hope Restored	-	70	70	-	-
Memorial (note 8)	26,263	-	-	(26,263)	-
Miscellaneous committed	894	105	105	-	894
Refugees	30,035	15,000	15,837	-	29,198
Short-term Missions	65	-	-	-	65
The Bridge	-	400	400	-	-
The Quest at Christopher Lake	-	2,500	2,500	-	-
Youth Missions	1,999	3,546	3,973	-	1,572
	62,022	33,526	31,418	-	37,867
Internally restricted operating (note 8)	32,622	-	-	(32,622)	-
	94,644	33,526	31,418	(58,885)	37,867

1. ORGANIZATION AND PURPOSE

Emmanuel Baptist Church exists to fully love God and all people for God's Kingdom, pleasure, and glory.

The church was incorporated under the Non-Profit Corporations Act of Saskatchewan in 1995. As a registered charity it is not subject to income taxes under the Canadian Income Tax Act.

2. 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:

Financial Instruments

The church initially measures its financial assets and liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The church subsequently measures all financial assets and financial liabilities at amortized cost except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess (deficiency) of revenue over expenditures for the year.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include bank demand loan, accounts payable and accrued liabilities and payroll taxes.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of any write-down is recognized in net earnings for the year. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting an allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess (deficiency) of revenue over expenditures for the year.

Tangible Capital Assets and Depreciation

Tangible capital assets are recorded at cost and amortized over their estimated useful lives. This requires estimation of the useful life of the asset and its salvage and residual value. When management considers that a tangible capital asset no longer contributes to the church's ability to provide services, its carrying amount is written down to its residual value. As is true of all accounting estimates, it is possible that changes in future conditions could require changes in the recognized amounts for accounting estimates. Should an adjustment become necessary, it would be reported in earnings in the period in which it became known.

EMMANUEL BAPTIST CHURCH

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation of tangible capital assets is calculated using the straight-line method at the following annual rates:

Building	5.00%
Musical instruments	10.00%
Furniture and equipment	20.00%
Computer equipment	33.33%
Computer software	100.00%

Depreciation on assets acquired during the year is recorded at one-half the normal annual rate.

Individual assets with a net book value less than \$1,500 are to be fully depreciated at year-end.

Fund Accounting

The church follows the restricted fund method of accounting for contributions. It accounts for its operations using the following funds:

Operating Fund

The operating fund accounts for the church's program delivery and administration activities. This fund reports unrestricted resources and restricted operating grants.

Capital Fund

The capital fund reports the assets, liabilities, revenue and expenditures related to the church's capital assets. It also reports all capital revenue and expenditures related to long-range facility planning.

Restricted Funds

The restricted funds consist of internally and externally restricted funds. These funds accumulate capital from legacies, bequests, memorials and special donations. Any appropriations from these funds must be authorized by the church's Board of Directors.

Revenue Recognition

Restricted contributions related to general operations are recognized as revenue of the operating fund in the year in which the related expenditures are incurred. All other restricted contributions are recognized as revenue of the appropriate fund.

Unrestricted contributions, including donation revenue, are recognized as revenue of the operating fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Donated Materials and Services

The church benefits from the donation of materials and services from its members. These financial statements do not reflect the value of donations in kind received in the year since a fair value cannot be reasonably estimated.

EMMANUEL BAPTIST CHURCH

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of the 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 revenue and expenditures during the year. Significant items subject to estimate and assumption include valuation of accounts receivable and the estimated useful lives of tangible capital assets. Actual results could differ from estimates.

3. ACCOUNTS RECEIVABLE

	2023	2022
	\$	\$
Goods and services tax receivable	1,750	1,505
Other receivables	600	600
	2,350	2,105

4. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Depreciation	Net Book Value	
	\$	\$	2023	2022
			\$	\$
Building	458,074	405,230	52,844	54,460
Musical instruments	4,169	4,169	-	-
Furniture and equipment	185,165	164,336	20,829	37,289
Computer equipment	27,540	27,540	-	6,306
Computer software	1,235	1,235	-	-
	676,183	602,510	73,673	98,055

5. LINE OF CREDIT

The church carries a line of credit at its bank which is secured by a first floating charge over all church assets. The line of credit bears interest at a floating rate based on bank prime plus 1 percent. The church's total available line of credit is \$50,000 (2022 - \$50,000). The terms of the line of credit are renegotiated from time to time.

The prime rate at June 30, 2023 was 6.95%.

6. BANK DEMAND LOAN

The church carries a line of credit at a credit union which is secured by an assignment of a lease and a mortgage over the church's land and building. The line of credit bears interest at a floating rate based on credit union prime plus 1 percent. The church's total available line of credit is \$250,000 (2022 - nil). The terms of repayment on the line of credit are in accordance with the revolving line of credit agreement, payable on demand, with interest to be paid monthly.

EMMANUEL BAPTIST CHURCH

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2023

7. EXTERNALLY RESTRICTED - CAPITAL FUND

	2023	2022
	\$	\$
Balance (deficit) - beginning of year	7,587	(1,030)
Donations	9,307	10,119
Gain on disposal of tangible capital assets	-	2,850
Purchase of tangible capital assets	(4,728)	(4,352)
Major capital repairs	(12,166)	-
Balance - end of year	-	7,587

8. TRANSFERS

In the past, the board of directors had passed motions to maintain the internally restricted operating fund at a minimum of 5% to a maximum of 10% of the previous year's actual operating donations total. Due to the current year deficit, there have been no transfers to the internally restricted reserve.

In addition, the board passed a motion to transfer \$32,622 from the internally restricted reserve and \$26,263 from the memorial fund, which represents the unrestricted portion of that fund, to the operating fund.

9. ONGOING OPERATIONS AND GOING CONCERN

The church has experienced a number of difficult challenges over the last few years that has affected membership and attendance in a significant matter. As the church is dependent on donations from its members and attendees this reduction has resulted in a significant drop of revenues to the church for the year ended June 30, 2023. The board of directors have taken steps to adjust church operations to reflect expected future donations and explore ways to increase the donor base, look for additional sources of revenue, and ways to decrease operating costs. The future viability of the church will be contingent on the successful completion of these goals.

The accompanying financial statements have been prepared on the assumption that the church will be able to realize its assets and discharge its liabilities in the normal course of business. The accompanying financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the church be unable to continue operations.

10. FINANCIAL RISKS***Liquidity Risk***

Liquidity risk is the risk that the church will not be able to meet its financial obligations as they become due. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price. The church is subject to liquidity risk mainly with respect to its bank demand loan, accounts payable and accrued liabilities and payroll liabilities. There has been an increase in risk exposure from the prior year due to the church's ability to continue as a going concern. This risk is mitigated at the church due to significant current assets.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The church is subject to interest rate risk on its debt obligations. Management has attempted to minimize this risk by negotiating the best possible interest rates. There has been an increase in risk exposure from the prior year due to additional debt.

11. SUBSEQUENT EVENTS

The church has entered into a nine year lease agreement with Montessori Allegro School for the rental of classroom space in the church building to commence in August, 2023. In order to accommodate the school, renovations are being done to the building, yard and parking lot.

Treasurer's Report
Capital and General Operating Budgets
July 1, 2023, to June 30, 2024

The following table presents the Externally Restricted CAPITAL budget approved by the Board for the 2023-2024 fiscal year.

EMMANUEL BAPTIST CHURCH EXTERNALLY RESTRICTED CAPITAL FUND	Budget 2023/2024	Actual 2022/2023	Actual 2021/2022	Actual 2020/2021	Actual 2019/2020
Capital Revenues					
General Capital Donations	60,000	2,942	10,119	149,433	93,812
Donations Specified for the John Deere Tractor	-	6,365	-	-	-
Proceeds of Long Term Debt (CBWC)	-	-	-	-	115,000
Proceeds from the Sale of the Church Bus	-	-	2,850	-	-
Investment Income/Net Gain on Securities	-	-	-	-	166
Total Capital Revenues	60,000	9,307	12,969	149,433	208,978
Capital Expenditures					
Major Repairs - Roof (2020) & Parking Lot (2023)	-	12,166	-	-	135,294
Facility Improvements Related to AMS Lease	60,000	4,728	-	-	-
Interest on Long-Term Debt (CBWC Loan)	-	-	-	4,355	6,003
Interest on Long-Term Debt - Prior Year Adjustment	-	-	-	(639)	-
Repayment of Long-Term Debt - Principal (CBWC Loan)	-	-	-	149,455	12,435
Purchase - Refrigerator for Kitchen	-	-	-	4,215	-
Purchase - Sound System/Live Stream Equipment	-	-	-	13,779	49,386
Purchase - Computer Replacements	-	-	4,352	5,358	3,516
Total Capital Expenditures	60,000	16,894	4,352	176,523	206,634
<p><i>The cost of procuring design and engineering services as well as rezoning the property in anticipation of leasing to Allegro Montessori School was allocated to Tangible Capital Assets. In addition, the maximum amount possible of the total cost of repairs to the parking lot was allocated to this fund, bringing the fund's balance at fiscal year end to zero (the fund cannot be reported as having a negative balance). Note that the table highlights the fact that capital fund donations and expenditures can significantly vary year over year depending on what capital outlays are required and which capital expenditures resonate with potential donors.</i></p>					

F3 & F4:

On the next two pages, there is a summary of the OPERATING budget approved by the Board for the 2023-2024 fiscal year. This is the first year that Emmanuel has leased a portion of our facilities to Allegro Montessori School. To facilitate transparency and clarity, the church and school information is presented separately as well as combined. In addition to the budget amounts by category, the table provides comparative data for actual expenditures in the 2022-2023 and the 2021-2022 fiscal years.

F5 to F7:

These pages provide additional information for each budget category.

F8:

The last page provides a 5-year historical recap of general operating expenditures and donations.

EMMANUEL BAPTIST CHURCH (EBC)
OPERATING BUDGET SUMMARY - FOR THE FISCAL YEAR JULY 1, 2023 TO JUNE 30, 2024

	Budget 2023/2024	Actual 2022/2023	\$ Increase (Decrease)	% Increase (Decrease)	Actual 2021/2022
REVENUES:					
General Donations	400,800	390,797	10,003	3%	567,165
OPERATING EXPENDITURES (Net of Cost Recovery Where Applicable):					
Personnel	294,395	368,246	(73,851)	(20%)	412,772
Staff Salaries & Vacation	239,193	307,545	(68,352)		340,560
Staff Pension & Group Benefits	31,894	36,587	(4,693)		44,447
Staff Statutory	19,508	22,013	(2,505)		24,089
Staff Other	3,800	2,101	1,699		3,676
Facilities (Net of Rental Income)	81,354	92,049	(10,695)	(12%)	90,182
Utilities	50,700	48,442	2,258		40,064
Facility Mtce & Supplies	11,000	13,475	(2,475)		18,274
Major Repairs	-	4,109	(4,109)		18,274
Inspections, Licensing	-	7,347	(7,347)		8,588
Insurance	18,654	17,627	1,027		17,718
Furniture, Equipment & Vehicles	1,000	1,049	(49)		5,538
Outreach Ministries	7,150	15,167	(8,017)	(53%)	43,900
Denominational	200	6,883	(6,683)		24,895
Community Impact	500	1,453	(953)		10,258
Special Events	5,000	5,981	(981)		7,364
Other	1,450	850	600		1,384
Admin & Professional Fees	33,701	24,727	8,974	36%	35,294
General Office Expenses	15,451	14,377	1,074		17,061
Board & Association Fees	835	720	115		10,933
Interest	9,615	453	9,162		-
Professional Fees	7,800	9,177	(1,377)		7,300
Discipleship	13,050	10,973	2,077	19%	15,175
Children	1,800	1,011	789		4,966
Youth	7,050	6,470	580		7,724
Adult	3,800	3,309	491		2,350
Seniors	400	183	217		135
Worship	6,050	5,911	139	2%	6,605
Fellowship & Hospitality	1,500	1,413	87	6%	395
Care & Support	600	123	477	488%	164
TOTAL OPERATING EXPENDITURES	437,800	518,609	(80,809)	(16%)	604,487
NET INCOME (DEFICIT) - EBC	(37,000)	(127,812)			(37,322)

ALLEGRO MONTESSORI SCHOOL (AMS)					
OPERATING BUDGET SUMMARY - FOR THE FISCAL YEAR JULY 1, 2023 TO JUNE 30, 2024					
	Budget	Actual	\$ Increase	% Increase	Actual
	2023/2024	2022/2023	(Decrease	(Decrease)	2021/2022
REVENUE - LEASE PAYMENTS					
Lease Payments (\$7,500 for 11 Months)	82,500	-	82,500		
OPERATING EXPENDITURES					
Personnel	14,000		14,000		
Custodian	12,000		12,000		
Custodian Support	2,000		2,000		
Facilities	25,100		25,100		
Utilities	18,200		18,200		
Facility Mtce & Supplies	6,900		6,900		
Admin & Professional Fees	6,400		6,400		
General Office & Supplies	1,236		1,236		
Interest	4,434		4,434		
Professional Fees	730		730		
TOTAL OPERATING EXPENDITURES	45,500		45,500		
NET INCOME (DEFICIT) - AMS	37,000		37,000		

EMMANUEL BAPTIST CHURCH (EBC) & ALLEGRO MONTESSORI SCHOOL (AMS) COMBINED					
OPERATING BUDGET SUMMARY - FOR THE FISCAL YEAR JULY 1, 2023 TO JUNE 30, 2024					
	Budget	Actual	\$ Increase	% Increase	Actual
	2023/2024	2022/2023	(Decrease	(Decrease)	2021/2022
REVENUES:					
General Donations & Lease Payments	483,300	390,797	92,503	24%	567,165
OPERATING EXPENDITURES					
Personnel	308,395	368,246	(59,851)	(16%)	412,772
Facilities	106,454	92,049	14,405	16%	90,182
Outreach Ministries	7,150	15,167	(8,017)	(53%)	43,900
Admin & Professional Fees	40,101	24,727	15,374	62%	35,294
Discipleship	13,050	10,973	2,077	19%	15,175
Worship	6,050	5,911	139	2%	6,605
Fellowship & Hospitality	1,500	1,413	87	6%	395
Care & Support	600	123	477	488%	164
TOTAL OPERATING EXPENDITURES	483,300	518,609	(35,309)	(7%)	604,487
NET INCOME (DEFICIT) - EBC & AMS	-	(127,812)			(37,322)

GENERAL OFFERINGS (Budget Increased by \$10,003 Over 2022/2023 Actuals)

- General donations are budgeted at \$400,800. This amount is optimistic but is required to fully fund Emmanuel's church programs and other expenses this year.

LEASE PAYMENT INCOME (Budgeted at \$82,500 for the First Fiscal Year)

- Lease payments for 11 months at \$7,500 per month are budgeted for this year. This amount is in accordance with Emmanuel's contract with Allegro Montessori School. Lease payments in subsequent years will increase each year. In addition, after annual expenses for the school can be more accurately determined based on the year's experience, the contract provides for a potential increase in payments to cover the cost of increased utilities due to the school's use of the facility.
-

GENERAL OPERATING EXPENSES (Budget Decreased by \$35,309 Over 2022/2023 Actuals)

Personnel: (Total Budget Decreased by \$59,851 Over 2022/2023 Actuals)

Staff Salaries & Vacation:

The budget for Personnel includes staff salaries, employee health & insurance benefits, pension contributions, statutory expenses (CPP, EI & WCB), resource materials, continuing education, conferences, congregational visits, team building, and miscellaneous employee expenditures.

- Due to Emmanuel's financial situation, the Board was not able to approve a Cost-of-Living Adjustment (COLA) or any step increases for the 2023/2024 year for our staff.
- Emmanuel is currently operating with 5 staff. They cover the following ministries – pastor (including worship and overall responsibility for all church functions), special care & outreach, administration & bookkeeping, custodial services for the church & the school, and youth & children's programs.
- For the first time, the custodian position has been budgeted for between the church (12 months) and the school (10 months). It is anticipated that the custodian will be working approximately 40% of her hours in the areas leased to the school but this could change based on experience.
- Emmanuel hired an intern for the summer and applied for a Canada Summer Jobs grant to help defray the costs for the intern.

Staff Pension, Group Benefits, and Statutory Deductions

Staff pensions, group benefits, and statutory deductions are largely a function of gross pay and are therefore not discretionary expenses except when the budget for gross salaries is reduced

- Employer paid pension contributions are budgeted at 6% of gross, pensionable pay and are managed by Canada Life. The annual budget is set at \$15,072.
- Employer paid Group Benefits are managed by J & D Benefits for Capital Life and are based on the benefits chosen by individual employees. The annual budget is set at \$16,822.
- Statutory employer contributions (CPP, EI, and WCB) are a function of gross pay. The annual budget is set at \$19,508.

Staff – Other Expenses:

- The budget for these expenses is largely discretionary and includes mileage, books, conferences (none this year), staff planning days, congregational visitations, team building, and continuing education. The annual budget is set at \$2,800.

Facilities: (Total Budget Increased by \$14,405 Over 2022/2023 Actuals)

The budget for this category includes utilities, regular facility maintenance and repairs, yard maintenance, telephone and internet services, garbage disposal, snow removal, insurance (the school pays for their own insurance), carpet cleaning, small equipment purchases and furnishings, and sundry janitorial expenses.

Utilities

- The total budget for utilities was increased due to cost increases for services as well as the expectation that utilities will go up due to the increased use of the facility.
- This year, the budget has been split between the church (\$50,700) and the school (\$18,200). Expenses will be monitored to determine the appropriate percentage of the total costs that should be allocated to the school in the following years.

Facility Maintenance, Supplies, and Inspections & Licensing

- The total budget was increased approximately 30% over last year as the cost of all materials and services have increased. In addition, there are expected increases for maintenance and supplies given the lease arrangement with the school.
- The budget has been split this year between the church (\$11,000) and the school (\$6,900).

Major Repairs

- No major repairs have been budgeted for in the operating budget; however, there are a considerable number of improvements and repairs associated with leasing some of EBC's property to the school that will be taking place in the 2023/2024 fiscal year. Depending on whether the various types of work will be designated as capital expenditures, these expenses may be reported as the purchase of tangible capital assets or as expenses allocated to the externally restricted capital fund (but only to the extent that capital donations are sufficient to cover the costs).

Insurance

- The budget for insurance was based on the amount provided by Butler Byers in conjunction with Robertson Hall's Church Protection Plan.

Furniture, Equipment, and Vehicles

- The budget for equipment covers some computer software upgrades (\$1,000) but no furnishings.

Outreach Ministries (Total Budget Decreased by \$8,017 Over 2022/2023 Actuals)

Denominational

- No budget has been allocated to the Canadian Baptists of Western Canada or The Quest this year. In the past, these were voluntary donations that Emmanuel can no longer support given our current financial situation. The budget does provide for potential membership in the CBAF (\$200).

Community Impact

- The budget includes the Community Impact Fund (\$500).

Special Events and Other

- The budget (\$6,450) for Special Events includes presentations for Christmas, Easter, and Lenten special events. The budget for "Other" expenses includes general costs for advertising, training, royalty licenses, subscriptions, equipment, Zoom cloud storage & our website domain membership.

Admin & Professional Fees: (Total Budget Increased by \$15,374 Over 2022/2023 Actuals)

- The budget for general office expenses includes normal office expenses such as stationery and supplies, copier lease & expenses, computer maintenance, bank charges, and accounting support.
- New this year over last year, is the budget for the total interest expense (\$14,049) expected to be incurred on Emmanuel's Line of Credit debt over the fiscal year. Approximately 70% of the interest expense is expected to be because of the ongoing shortfall of operating donations over operating expenses. The remaining 30% is expected to be a result of having to use the Line of Credit to pay for improvements to meet current building code requirements and several one-time capital expenditures that are needed to prepare the building and property for leasing to the school.
- The budget for the Board includes association fees and funds for congregational meetings (\$835). No amount was budgeted for Board training this year.
- The budget for audit and professional fees was split between the church (\$7,800) and the school (\$730) this year. The firm of Heagy LLP acted as the independent auditors for Emmanuel Baptist Church for the 2022/2023 fiscal year. It is expected that Emmanuel will continue to retain the same auditors for the next fiscal year provided the congregation approves the motion at this year's AGM.

Discipleship (Total Budget Increased by \$2,077 Over 2022/2023 Actuals)

The total budget for Discipleship is grouped into four main program areas as summarized below.

Children

- The budget for children (\$1,800) includes general supplies for children's programming & curriculum (\$800), and special events such as year-end celebrations and other outreach activities (\$1,000).

Youth

- The budget for youth (\$7,050) includes costs for general supplies & equipment (\$200), youth discipleship (\$600) and youth leadership resources (\$300), youth trips & events net of cost recovery (\$4,500), weekly gatherings (\$1,450), and various celebrations.

Adult Programming

- The budget for adult programming (\$3,800) includes Women's Ministry resources such as study guides for Heart Matters (\$200), men's ministry costs (\$200), resources & training for small groups (\$2,000), adult leadership development (\$400), adult discipleship electives (\$1,000), and other teaching resources.

Seniors

- The budget for seniors (\$400) includes community development & fellowship and the In-Motion program.

Worship (Total Budget Increased by \$139 Over 2022/2023 Actuals)

- The budget includes amounts for leadership development, instrument maintenance, music and copyright fees, devotional resources, communion supplies and special worship events.

Fellowship & Hospitality (Total Budget Increased by \$87 Over 2022/2023 Actuals)

- The budget for this ministry includes various costs associated with the coffee bar, kitchen supplies, and other fellowship outreach activities. The staff are planning for more opportunities to promote fellowship and a sense of community in the year ahead.

Care & Support (Total Budget Increased by \$477 Over 2022/2023 Actuals)

- The budget for this category includes funds for volunteer leadership training, volunteer appreciation, and support/recovery groups.

**EMMANUEL BAPTIST CHURCH
FIVE YEAR HISTORICAL RECAP OF GENERAL OPERATING EXPENDITURES AND DONATIONS**

	BUDGET	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL
EXPENSE CATEGORY	July 2023 - June 2024	July 2022 - June 2023	July 2021 - June 2022	July 2020 - June 2021	July 2019 - June 2020	July 2018 - June 2019

EMMANUEL BAPTIST CHURCH (EBC)						
Personnel	294,395	368,246	412,771	424,481	443,321	484,023
Facilities (Including Major Repairs)	81,354	94,334	93,318	81,296	93,152	99,914
- Cost Recovery (Rental Income)	-	(2,285)	(3,136)	(1,730)	(2,574)	(2,713)
Administration (Including the Board)	25,901	15,550	27,994	19,108	21,120	21,349
Professional Fees	7,800	9,177	7,300	7,827	6,235	6,235
Discipleship:						
- Children	1,800	1,011	4,967	1,342	8,918	5,761
- Youth	7,050	6,470	7,724	4,443	3,125	6,364
- College	-	-	20	223	1,427	1,402
- Adult	3,800	3,309	2,330	2,547	7,186	6,423
- Seniors	400	183	135	298	1,617	1,523
Discipleship Sub-total	13,050	10,973	15,176	8,853	22,273	21,473
Outreach	7,150	15,167	43,900	52,825	51,982	57,810
Worship	6,050	5,911	6,605	6,466	7,703	7,405
Connection (See Note Below)	-	-	-	-	4,387	4,080
Fellowship	1,500	1,413	395	910	3,062	3,511
Care & Support	600	123	164	1,117	652	2,014
TOTAL EXPENSES	437,800	518,609	604,487	601,153	651,313	705,101
DONATIONS	400,800	390,797	567,165	643,822	699,441	726,743
NET INCOME/(DEFICIT)	(37,000)	(127,812)	(37,322)	42,669	48,128	21,642

ALLEGRO MONTESSORI SCHOOL (AMS)	
Personnel	14,000
Facilities	25,100
Administration	5,670
Professional Fees	730
TOTAL EXPENSES	45,500
CONTRACTUAL LEASE INCOME	82,500
NET INCOME/(DEFICIT)	37,000

COMBINED - EMMANUEL BAPTIST CHURCH & ALLEGRO MONTESSORI SCHOOL						
EBC NET INCOME/(DEFICIT)	(37,000)	(127,812)	(37,322)	42,669	48,128	21,642
AMS NET INCOME/(DEFICIT)	37,000					
COMBINED EBC & AMS NET INCOME/(DEFICIT)	-	(127,812)	(37,322)	42,669	48,128	21,642

Effective July 1, 2020, Worship, Discipleship, Fellowship, Personnel, Administration, Facility costs, and Community Development expenditures formerly reported under the Connection are included as line items under the appropriate operating expenditure categories above. This change is to better reflect the actual total expenditures incurred in each of the categories.