

**BRANDON AND AREA YOUTH FOR CHRIST, INC.**  
**FINANCIAL STATEMENTS**

**December 31, 2019**

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# *Farley Kempthorne Chartered Professional Accountants LLP*

BRANDON: 136 – 11<sup>th</sup> St, Brandon, MB, R7A 4J4

Phone: (204) 571-4450

Fax: (204) 571-4459

VIRDEN: Box 594, 463 – 7<sup>th</sup> Ave., Virden, MB, R0M 2C0

Phone: (204) 748-2963

Fax: (204) 748-1380

## INDEPENDENT AUDITOR'S REPORT

To the Members of Brandon and Area Youth for Christ, Inc.

### *Qualified Opinion*

We have audited the accompanying financial statements of Brandon and Area Youth for Christ, Inc., which comprise the statement of financial position as at December 31, 2019, and the statement of operations and changes in net assets 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 paragraph, the financial statements present fairly, in all material respects, the financial position of Brandon and Area Youth for Christ, Inc. as at December 31, 2019, 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*

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 Entity 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.

In common with many charitable organizations, the organization derives part of its revenues from donations and fundraising, 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 and we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenue over expenses, assets, and net assets.

### *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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

The accompanying notes are an integral part of these financial statements.

*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 judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

*Farley Kempthorne CPA LLP*

**Farley Kempthorne Chartered Professional Accountants LLP**  
136 - 11th Street  
Chartered Professional Accountants

August 19, 2020  
Brandon, MB

**BRANDON AND AREA YOUTH FOR CHRIST, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2019**

**ASSETS**

	<u>2019</u>	<u>2018</u>
<b>CURRENT</b>		
Cash	\$ 856,995	\$ 624,020
Accounts receivable	3,520	9,369
Prepaid expenses	10,462	-
Goods and Services Tax recoverable	<u>15,195</u>	<u>2,076</u>
	<u>886,172</u>	<u>635,465</u>
<b>LONG-TERM INVESTMENTS (Note 4)</b>	41,970	40,889
<b>CAPITAL ASSETS (Note 5)</b>	<u>2,338,841</u>	<u>1,849,799</u>
	<b><u>\$ 3,266,983</u></b>	<b><u>\$ 2,526,153</u></b>

**LIABILITIES**

	<u>2019</u>	<u>2018</u>
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 21,183	\$ 23,975
Deferred contributions (Note 6)	2,289	978
Notes payable, secured (Note 7)	55,000	55,000
Scheduled repayments of long-term debt (Note 8)	<u>42,819</u>	<u>53,483</u>
Current liabilities before callable debt	121,291	133,436
Callable debt (Note 8)	<u>1,106,890</u>	<u>249,113</u>
	1,228,181	382,549
<b>LONG-TERM DEBT, FORGIVABLE (Note 9)</b>	226,070	283,989
<b>DEFERRED CONTRIBUTIONS, CAPITAL (Note 10)</b>	<u>622,001</u>	<u>680,198</u>
	<u>848,071</u>	<u>964,187</u>
	<u>2,076,252</u>	<u>1,346,736</u>

**NET ASSETS**

<b>INVESTED IN CAPITAL ASSETS</b>	286,060	528,016
<b>UNRESTRICTED (Note 11)</b>	<u>904,671</u>	<u>651,401</u>
	<u>1,190,731</u>	<u>1,179,417</u>
	<b><u>\$ 3,266,983</u></b>	<b><u>\$ 2,526,153</u></b>

Approved on behalf of the Board:

\_\_\_\_\_, Director

\_\_\_\_\_, Director

The accompanying notes are an integral part of these financial statements.

**BRANDON AND AREA YOUTH FOR CHRIST, INC.**  
**STATEMENT OF NET ASSETS**  
**For the year ended December 31, 2019**

	<u>Invested in capital assets</u>	<u>Unrestricted</u>	<u>2019 Total</u>	<u>2018 Total</u>
Beginning balance	528,016	651,401	1,179,417	1,022,607
Excess (deficiency) of revenue over expenses	-	253,270	253,270	153,282
Amortization	(170,273)	-	(170,273)	(156,602)
Additions (disposals), net	659,315	-	659,315	(15,805)
New debt and funding	(1,125,000)	-	(1,125,000)	-
Repayment of debt	277,886	-	277,886	52,319
Forgiven debt	57,919	-	57,919	65,419
Realized contributions	<u>58,197</u>	<u>-</u>	<u>58,197</u>	<u>58,197</u>
<b>Ending balance</b>	<b><u>\$ 286,060</u></b>	<b><u>\$ 904,671</u></b>	<b><u>\$ 1,190,731</u></b>	<b><u>\$ 1,179,417</u></b>

The accompanying notes are an integral part of these financial statements.

**BRANDON AND AREA YOUTH FOR CHRIST, INC.**  
**STATEMENT OF OPERATIONS**  
For the year ended December 31, 2019

	<u>2019</u>	<u>% of</u> <u>Revenue</u>	<u>2018</u>	<u>% of</u> <u>Revenue</u>
<b>REVENUE</b>				
Core	\$ 150,023	5.9	\$ 199,063	11.8
Deputation	776,718	30.6	785,050	46.6
Departments	145,882	5.7	172,172	10.2
Utum	41,218	1.6	37,162	2.2
Brandon Buildings	1,328,787	52.4	419,856	24.9
Virden	55,998	2.2	45,389	2.7
MacGregor	2,480	0.1	2,480	0.1
Russell	<u>36,744</u>	<u>1.4</u>	<u>22,718</u>	<u>1.3</u>
	<u>2,537,850</u>	<u>100.0</u>	<u>1,683,890</u>	<u>100.0</u>
<b>EXPENSES</b>				
Core	158,058	6.2	159,964	9.5
Deputation	786,185	31.0	763,925	45.4
Departments	129,335	5.1	116,107	6.9
Utum	35,186	1.4	86,394	5.1
Brandon Buildings	1,102,799	43.5	342,189	20.3
Virden	52,203	2.1	46,982	2.8
MacGregor	2,480	0.1	2,480	0.1
Russell	<u>18,334</u>	<u>0.7</u>	<u>12,567</u>	<u>0.7</u>
	<u>2,284,580</u>	<u>90.0</u>	<u>1,530,608</u>	<u>90.9</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>				
Core	(8,035)	(0.3)	39,099	2.3
Deputation	(9,467)	(0.4)	21,125	1.3
Departments	16,547	0.7	56,065	3.3
Utum	6,032	0.2	(49,232)	(2.9)
Brandon Buildings	225,988	8.9	77,667	4.6
Virden	3,795		(1,593)	-
MacGregor	-	-	-	-
Russell	<u>18,410</u>	<u>0.7</u>	<u>10,151</u>	<u>0.6</u>
<b>Excess of revenue over expenses</b>	<u>\$ 253,270</u>	<u>10.0</u>	<u>\$ 153,282</u>	<u>9.1</u>

The accompanying notes are an integral part of these financial statements.

**BRANDON AND AREA YOUTH FOR CHRIST, INC.**  
**STATEMENT OF CASH FLOWS**  
**For the year ended December 31, 2019**

	<u>2019</u>	<u>2018</u>
<b>OPERATING ACTIVITIES</b>		
Cash receipts from sales and fees	\$ 1,487,130	\$ 616,339
Cash receipts from grants and donations	862,821	857,302
Cash paid to suppliers and employees	(2,041,890)	(1,314,967)
Interest received	834	483
Interest paid	<u>(20,420)</u>	<u>(15,023)</u>
Cash provided by (used in) operating	<u>288,475</u>	<u>144,134</u>
<b>FINANCING ACTIVITIES</b>		
Repayment of debt	<u>(54,419)</u>	<u>(52,339)</u>
Cash provided by (used in) financing	<u>(54,419)</u>	<u>(52,339)</u>
<b>INVESTING ACTIVITIES</b>		
Proceeds from disposal of capital assets:		
- Proceeds from buildings	-	53,000
- Received from (invested in) investments	<u>(1,081)</u>	<u>(1,411)</u>
Cash provided by (used in) investing	<u>(1,081)</u>	<u>51,589</u>
<b>INCREASE IN CASH</b>	232,975	143,384
CASH, beginning of year	<u>624,020</u>	<u>480,636</u>
<b>CASH, end of year</b>	<u><u>\$ 856,995</u></u>	<u><u>\$ 624,020</u></u>

The accompanying notes are an integral part of these financial statements.



**BRANDON AND AREA YOUTH FOR CHRIST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**1. PURPOSE OF THE NOT-FOR-PROFIT ORGANIZATION**

Brandon and Area Youth for Christ, Inc. is a non-profit organization dedicated to providing youth-oriented Christian ministry, programs and services in the Brandon and Westman areas.

**2. ACCOUNTING POLICIES**

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

**Financial instruments**

- a) Financial assets and liabilities are measured initially at fair value, except for certain non-arm's length transactions. Subsequent measurement is 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 net income.

Financial assets measured at amortized cost consist of cash, short-term investments, and accounts receivable.

Financial liabilities measured at amortized cost consist of the bank overdraft, accounts payable and accrued liabilities, deferred revenue, notes payable, long-term debt, and deferred contributions.

**Management's use of estimates**

- b) 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Material measurement uncertainties include estimates of useful lives of property, plant and equipment and estimates of collectibility of accounts receivable. Actual results could differ from our estimates; the resolution of these uncertainties will be determined by future events.

**Revenue recognition**

- c) The organization earns substantially all of its revenue from the services provided, donations, and fundraising activities. Revenue from donations and fundraising is recognized on a cash basis when received. Revenue from services is recognized when there is persuasive evidence that an arrangement exists, the service has occurred, the price is set or determinable, and collection is reasonably assured.

**Revenue recognition - NPO contributed materials and services**

- d) Volunteers contribute many hours per year to assist the organization in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements. Contributed materials are recognized at their fair value.