

Financial Statements of
Lambrick Park Church
Year Ended August 31, 2017



Independent Auditor's Report

To: The Governing Board of Elders of Lambrick Park Church

Report on Financial Statements

We have audited the accompanying financial statements of Lambrick Park Church, which comprise the statement of financial position as at August 31, 2017 and the statements of operations, changes in net assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

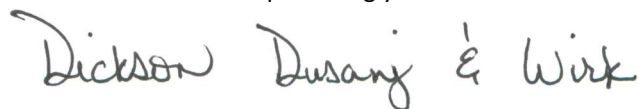
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Lambrick Park Church as at August 31, 2017 and the results of its operations and changes in net assets and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matters

As required by the Society Act (British Columbia), we report that, in our opinion, the accounting principles applied by the Society in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.



Chartered Professional Accountants

Victoria, BC
November 21, 2017

Lambrick Park Church

Statement of Financial Position

As at August 31, 2017 with comparative figures for 2016

	2017	2016
	\$	\$
Assets		
Current:		
Cash and short-term deposits	199,271	182,608
Accounts receivable	4,455	22,796
Government remittances receivable	2,712	3,476
Prepays	13,619	5,723
	<u>220,057</u>	<u>214,603</u>
Property and equipment (Note 3)	750,332	782,653
Total assets	<u>970,389</u>	<u>997,256</u>
Liabilities		
Current:		
Accounts payable and accrued liabilities	11,579	9,875
Government remittances payable	210	288
Deferred revenue	22,944	25,154
	<u>34,733</u>	<u>35,317</u>
Deferred capital contributions (Note 4)	5,355	5,767
Total liabilities	<u>40,088</u>	<u>41,084</u>
Net Assets		
Invested in property and equipment (Note 5)	744,977	776,886
Internally restricted (Note 6)	241,356	217,965
Unrestricted	(56,032)	(38,679)
Total net assets	<u>930,301</u>	<u>956,172</u>
Total liabilities and net assets	<u>970,389</u>	<u>997,256</u>

Approved on behalf of the Elders:

_____ Elder

_____ Elder

Lambrick Park Church

Statement of Changes in Net Assets

Year ended August 31, 2017 with comparative figures for 2016

	Invested in Property and Equipment \$	Internally Restricted \$	Unrestricted \$	2017 \$	2016 \$
Net assets, beginning of year	776,886	217,965	(38,679)	956,172	861,385
Excess (deficiency) of revenue over expenses	(52,019)	-	26,148	(25,871)	94,787
Interfund transfers	-	23,391	(23,391)	-	-
Investment in property and equipment	20,110	-	(20,110)	-	-
Net assets, end of year	744,977	241,356	(56,032)	930,301	956,172

The accompanying notes are an integral part of these financial statements

Lambrick Park Church

Statement of Operations

Year ended August 31, 2017 with comparative figures for 2016	2017 \$	2016 \$
Revenue		
Donations	412,485	493,826
Wiseways Preschool	361,406	346,286
Amortization of deferred capital contributions (Note 4)	412	412
Other	195,765	260,720
	<u>970,068</u>	<u>1,101,244</u>
Expenses		
Amortization of property and equipment	52,431	52,634
Facility operations	121,321	113,938
Ministry		
Children	2,324	2,145
Community life	23,001	19,141
Refugee Sponsorship	25,887	-
Senior leadership	1,383	140
Summer ministry	-	3,613
Sunday AM	6,325	5,566
The Place ministry	-	7,744
Wiseways Preschool	61,624	60,850
Youth	10,137	10,670
Missions	67,570	77,922
Office and administration	25,135	28,588
Professional fees	8,556	10,169
Vehicle operating	894	727
Wages and benefits	589,352	612,610
	<u>995,940</u>	<u>1,006,457</u>
Excess (deficiency) of revenue over expenses	<u>(25,872)</u>	<u>94,787</u>

The accompanying notes are an integral part of these financial statements

Lambrick Park Church

Cash Flow Statement

Year ended August 31, 2017 with comparative figures for 2016	2017 \$	2016 \$
Cash flows from operating activities:		
Excess (deficiency) of revenue over expenses	(25,870)	78,051
Amortization of property and equipment	52,431	52,634
Amortization of deferred capital contributions	(412)	(412)
(Increase) decrease in government remittances receivable	19,105	(22,857)
(Increase) in prepaids	(7,897)	(922)
Increase (decrease) in accounts payable and accrued liabilities	1,704	(3,370)
Increase (decrease) in government remittances payable	(79)	116
Increase (decrease) in deferred revenue	(2,210)	20,177
Total cash flows from operating activities	36,772	123,417
Cash flows from investing activities:		
Purchase of property and equipment	(20,109)	-
Net increase in cash and cash equivalents	16,663	123,417
Cash and cash equivalents, beginning of year	182,608	59,191
Cash and cash equivalents, end of year	199,271	182,608

The accompanying notes are an integral part of these financial statements

Lambrick Park Church

Notes to the Financial Statements

Year ended August 31, 2017 with comparative figures for 2016

1. Purpose of the Organization

Lambrick Park Church (the "Society") was incorporated under the Society Act of British Columbia on December 8, 1965. The purpose of the Society is to function as a local Church, engaging in all such activities as are appropriate thereto such as:

- The Worship of God
- The Edification of Christians
- The Proclamation of the Gospel of the Lord Jesus Christ

These activities and all others related or contributory thereto may be carried out individually, collectively or in co-operation with other bodies or individuals.

The Society is a registered charity under the Income Tax Act (Canada) and, accordingly, is exempt from income taxes and can issue donation receipts for income tax purposes.

2. Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, and include the following significant accounting policies:

Revenue recognition

The Society follows the deferral method of accounting for contributions received, whereby revenues are matched with expenses. Restricted contributions, if any, are recognized as revenue in the period in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable.

Property and equipment

Property and equipment are stated at cost. Amortization is based on their estimated useful life using the straight-line basis at the following rates:

Buildings	20 - 40 years	Straight-line
Equipment	5 years	Straight-line
Furnishings	5 years	Straight-line
Sign	5 years	Straight-line

Contributed services and materials

The Society and its members benefit from contributed services and materials in the form of volunteer time for various committees and projects. Because of the difficulty in determining their fair value, contributed services as well as contributed materials are not recognized in the financial statements.

Use of estimates

The preparation of financial statements in accordance 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. Actual results could differ from those estimates and may have impact on future periods.

Lambrick Park Church

Notes to the Financial Statements

Year ended August 31, 2017 with comparative figures for 2016

2. Significant Accounting Policies

Financial instruments

The Society initially measures its financial assets and financial 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 Society subsequently measures all its 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 income in the period incurred.

Transaction costs are recognized in income in the period incurred, except for financial instruments that will subsequently be measured at amortized cost.

Financial instruments measured at amortized cost include government remittances receivable, accounts payable and accrued liabilities, and government remittances payable.

Financial instruments measured at fair value include cash and short-term deposits.

3. Property and Equipment

	2017		2016	
	Cost	Accumulated	Cost	Accumulated
	\$	\$	\$	\$
Land	123,750	-	123,750	-
Buildings	1,581,459	973,080	1,581,459	929,053
Equipment	261,668	243,466	241,559	235,563
Furnishings	78,797	78,796	78,797	78,797
Sign	2,509	2,509	2,509	2,008
	2,048,183	<u>1,297,851</u>	2,028,074	<u>1,245,421</u>
Less: Accumulated amortization	<u>1,297,851</u>		<u>1,245,421</u>	
Net Book Value	<u>750,332</u>		<u>782,653</u>	

Lambrick Park Church

Notes to the Financial Statements

Year ended August 31, 2017 with comparative figures for 2016

4. Deferred Capital Contributions

Deferred capital contributions represent contributions restricted to acquiring property and equipment. Deferred capital contributions are amortized on the same basis as the related property and equipment and are recorded as revenue in the Statement of Operations.

The changes in the deferred capital contribution balance are as follows:

	2017 \$	2016 \$
Balance, beginning of the year	5,767	6,179
Amounts amortized to revenue	(412)	(412)
Balance, end of the year	<u>5,355</u>	<u>5,767</u>

5. Net Assets Invested in Property and Equipment

Investment in property and equipment is calculated as follows:

	2017 \$	2016 \$
Property and equipment	750,332	782,653
Amount financed by deferred capital contributions	(5,355)	(5,767)
	<u>744,977</u>	<u>776,886</u>

6. Internally Restricted Net Assets

During the 2012 fiscal year the Board of Directors established that there would be an internally restricted amount of \$100,000 as an Operating Reserve and \$100,000 as a Long Term Capital Reserve. The board has stated that they are attempting to re-establish these internally restricted amounts. At year end, an additional \$41,356 (2016: 17,965) has been internally restricted as a Wiseways Contingency and Enhancement reserve.

7. Financial Risks and Concentration of Risks

The Society has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include credit risk, currency risk, interest rate risk and liquidity risk. There have been no significant changes in the Society's risk exposure from the prior year.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Society is potentially exposed to credit risk from its accounts receivable. Accounts receivable involve a government entity, and therefore the Society is not subject to any significant concentration of credit risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Society does not face significant currency risk exposure.

Lambrick Park Church

Notes to the Financial Statements

Year ended August 31, 2017 with comparative figures for 2016

7. Financial Risks and Concentration of Risks

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 changes in market interest rates. The Society does not face significant interest rate risk exposure.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society does not face significant liquidity risk exposure.