

ORANGEVILLE BAPTIST CHURCH
(Operating as "Compass Community Church")
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

ORANGEVILLE BAPTIST CHURCH
(Operating as "Compass Community Church")
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YEAR ENDED DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of: Orangeville Baptist Church o/a Compass Community Church

Qualified Opinion

We have audited the accompanying financial statements of Orangeville Baptist Church o/a Compass Community Church, which comprise the statement of financial position as at December 31, 2023 and the statements of changes in fund balances, revenues and expenditures 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 effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Orangeville Baptist Church o/a Compass Community Church as at December 31, 2023 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 organization derives some of the revenues from donations and fundraising activities, 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 revenues, surplus of revenues over expenditures and cash flows from operations for the years ended December 31, 2023 and 2022, current assets as at December 31, 2023 and 2022, and net assets as at January 1 and December 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended December 31, 2022 was modified because of the possible effects of a similar limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Orangeville Baptist Church o/a Compass Community 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 qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 organization's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional 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 override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.



Guelph, Ontario
March 27, 2024

Chartered Professional Accountants
Licensed Public Accountants

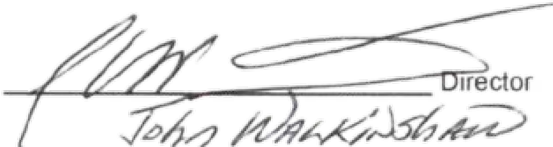
ORANGEVILLE BAPTIST CHURCH
(Operating as "Compass Community Church")

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash and cash equivalents - general	\$ 78,889	\$ 67,901
Cash and cash equivalents - restricted	68,407	57,888
HST receivable	23,661	18,429
Prepaid expenses	<u>9,947</u>	<u>2,781</u>
	180,904	146,999
CAPITAL ASSETS (note 4)	<u>3,609,238</u>	<u>3,692,367</u>
	<u>\$ 3,790,142</u>	<u>\$ 3,839,366</u>
LIABILITIES		
CURRENT		
Accounts payable	\$ 67,986	\$ 58,237
Wages and deductions payable	1,961	407
Current portion of long term debt (note 6)	<u>256,320</u>	<u>77,321</u>
	326,267	135,965
LONG TERM DEBT (note 6)	<u>280,083</u>	<u>329,399</u>
	<u>606,350</u>	<u>465,364</u>
FUND BALANCES		
UNRESTRICTED GENERAL FUND	42,550	467
EXTERNALLY RESTRICTED FUNDS (note 7)	68,407	57,888
INVESTED IN CAPITAL ASSETS (note 8)	<u>3,072,835</u>	<u>3,315,647</u>
	<u>3,183,792</u>	<u>3,374,002</u>
	<u>\$ 3,790,142</u>	<u>\$ 3,839,366</u>

APPROVED ON BEHALF OF THE BOARD:


 Director
 John Walkindshaw

ORANGEVILLE BAPTIST CHURCH
(Operating as "Compass Community Church")
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Unrestricted General Fund	Externally Restricted Funds (note 7)	Invested in Capital Assets (note 8)	2023	2022
NET ASSETS, beginning of year	\$ 467	\$ 57,888	\$ 3,315,647	\$ 3,374,002	\$ 3,640,479
(Deficit) surplus of revenues over expenditures for the year	63,059	(6,273)	(246,996)	(190,210)	(266,477)
Interfund transfers (note 9)	<u>(20,976)</u>	<u>16,792</u>	<u>4,184</u>	<u>0</u>	<u>0</u>
NET ASSETS, end of year	<u>\$ 42,550</u>	<u>\$ 68,407</u>	<u>\$ 3,072,835</u>	<u>\$ 3,183,792</u>	<u>\$ 3,374,002</u>

ORANGEVILLE BAPTIST CHURCH*(Operating as "Compass Community Church")***STATEMENT OF REVENUES AND EXPENDITURES****FOR THE YEAR ENDED DECEMBER 31, 2023**

	2023	2022
REVENUES		
Donations	\$ 1,397,583	\$ 1,339,101
Program fees (note 10)	151,392	136,824
Grants	79,578	72,240
Insurance proceeds	39,975	0
Rental revenue	9,792	8,677
	<u>1,678,320</u>	<u>1,556,842</u>
EXPENDITURES		
Salaries	933,441	922,534
Programs		
Own ministries (note 10)	247,897	235,313
Partner ministries (note 10)	129,883	127,012
Administration and governance	95,807	93,812
Property		
Repairs and maintenance	127,470	91,758
Utilities	44,092	43,567
Interest and bank charges	36,671	31,258
	<u>1,615,261</u>	<u>1,545,254</u>
SURPLUS OF REVENUES OVER EXPENDITURES FROM OPERATIONS	<u>63,059</u>	<u>11,588</u>
RESTRICTED FUNDS		
Restricted funds income	118,216	57,636
Restricted funds expenses	<u>(124,489)</u>	<u>(129,285)</u>
	<u>(6,273)</u>	<u>(71,649)</u>
INVESTED IN CAPITAL ASSETS		
Amortization of capital assets	(207,674)	(206,416)
Loss on disposal of capital assets	<u>(39,322)</u>	<u>0</u>
	<u>(246,996)</u>	<u>(206,416)</u>
DEFICIT OF REVENUES OVER EXPENDITURES for the year	<u>\$ (190,210)</u>	<u>\$ (266,477)</u>

ORANGEVILLE BAPTIST CHURCH
(Operating as "Compass Community Church")

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Deficit of revenues over expenditures for the year	\$ (190,210)	\$ (266,477)
Items not requiring an outlay of cash		
Amortization of capital assets	207,674	206,416
Loss on disposal of capital assets	<u>39,322</u>	<u>0</u>
	56,786	(60,061)
Changes in non-cash working capital		
HST receivable	(5,232)	(2,724)
Accounts receivable	0	10,395
Prepaid expenses	(7,166)	419
Accounts payable	9,749	(21,294)
Wages and deductions payable	<u>1,554</u>	<u>(1,752)</u>
	<u>55,691</u>	<u>(75,017)</u>
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Repayment of long term debt	(85,317)	(45,670)
Proceeds of long term debt	<u>215,000</u>	<u>0</u>
	<u>129,683</u>	<u>(45,670)</u>
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Additions to capital assets	(163,867)	(120,791)
(Purchase) redemption of investments (net)	<u>0</u>	<u>150,189</u>
	<u>(163,867)</u>	<u>29,398</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	21,507	(91,289)
NET CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>125,789</u>	<u>217,078</u>
NET CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 147,296</u>	<u>\$ 125,789</u>
CASH AND CASH EQUIVALENTS CONSISTS OF:		
Cash and cash equivalents - general	\$ 78,889	\$ 67,901
Cash and cash equivalents - restricted	<u>68,407</u>	<u>57,888</u>
	<u>\$ 147,296</u>	<u>\$ 125,789</u>

ORANGEVILLE BAPTIST CHURCH

(Operating as "Compass Community Church")

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

1. NATURE OF OPERATIONS

Orangeville Baptist Church o/a Compass Community Church is a not for profit organization incorporated under the Canada Corporations Act and continued under the Canada Not-for-Profit Corporations Act without share capital and is a registered charity under the Income Tax Act. Orangeville Baptist Church o/a Compass Community Church is exempt from income tax. Its mission is to glorify God by making disciples who love Him completely and others sacrificially. Orangeville Baptist Church o/a Compass Community Church is committed to holding regular worship services and prayer meetings, running programs for adults, students and children, encouraging small group fellowship and supporting regional and global missions and missionaries.

2. SUMMARY OF 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:

(a) REVENUE RECOGNITION

The organization follows the restricted fund method of accounting for contributions in which externally restricted contributions are recognized upon receipt in the appropriate fund corresponding to the purpose for which they were contributed. Externally restricted contributions of the general operating fund are recognized as revenue when the related expenditure occurs. Unrestricted contributions are recognized in the general operating fund when received or receivable and collection is reasonably assured.

Program fees are recognized as revenue when the events are held.

Grants are recognized at the date when the granting conditions are fulfilled and funding has been received.

Other revenue is recognized when earned.

(b) FUND ACCOUNTING

General operating fund

The general operating fund reports resources available for the organization's program delivery and administrative activities. This fund is unrestricted.

Restricted funds

The restricted funds report resources contributed for the benevolent fund, short term missions, refugee, and the church multiplication fund. These funds are externally restricted.

(c) CASH AND CASH EQUIVALENTS

Cash equivalents are deposits and investments which are readily convertible to cash, or which are expected to become cash within the coming year. They are valued at cost plus accrued interest. The carrying amounts approximate fair market value because they have maturities that are short term in nature and are readily convertible to cash.

ORANGEVILLE BAPTIST CHURCH
(Operating as "Compass Community Church")
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) CAPITAL ASSETS

Capital assets are recorded at cost and amortized on the basis of their estimated useful life using the following methods and rates:

Buildings	- 40	years straight line basis
Building additions	- 20	years straight line basis
Other equipment	- 10	years straight line basis
Furniture and fixtures	- 5	years straight line basis
Computer hardware	- 3	years straight line basis

(e) IMPAIRMENT OF LONG LIVED ASSETS

Long lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

(f) USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles for not for profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant areas requiring management's estimates include the estimated useful life of capital assets and accrued liabilities. Actual results could differ from those estimates.

(g) ALLOCATED EXPENSES

Certain administrative expenses are allocated to restricted funds based on the estimate of staff time related to each area of activity.

(h) CONTRIBUTED MATERIALS AND SERVICES

During the year, a number of volunteers contribute a significant amount of their time. Because of the difficulty in determining the fair value, contributed services are not recorded in the financial statements.

Contributed materials, used in the normal course of operations, are recognized in the financial statements when the fair value can be reasonably estimated and the materials would otherwise have been purchased.

ORANGEVILLE BAPTIST CHURCH
(Operating as "Compass Community Church")
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

3. FINANCIAL INSTRUMENTS

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, credit, currency, liquidity, or other price risks arising from the financial instruments.

The extent of the organization's exposure to these risks did not change in 2023 compared to the previous period.

The organization does not have a significant exposure to any individual customer or counterpart.

Transacting in financial instruments exposes the organization to certain financial risks and uncertainties. These risks include:

Market risk

Market risk is the risk that the fair value or future cash flows of the organization's financial instruments will fluctuate because of changes in market prices. Some of the organization's financial instruments expose it to this risk, which comprises interest rate risk.

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 organization is exposed to interest rate risk as a result of the floating interest rate on the bank indebtedness and long term debt.

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2023	Net 2022
Land	\$ 311,119	\$ 0	\$ 311,119	\$ 311,119
Buildings	4,463,282	1,667,246	2,796,036	2,907,618
Building additions	437,264	92,148	345,116	211,282
Other equipment	305,772	209,712	96,060	172,513
Furniture and fixtures	326,113	265,206	60,907	87,172
Computer hardware	<u>95,376</u>	<u>95,376</u>	<u>0</u>	<u>2,663</u>
	<u>\$ 5,938,926</u>	<u>\$ 2,329,688</u>	<u>\$ 3,609,238</u>	<u>\$ 3,692,367</u>

5. BANK INDEBTEDNESS

The organization has utilized \$0 (2022 - \$0) of an authorized operating line of credit with a limit up to a maximum of \$150,000. The line of credit bears interest at prime.

ORANGEVILLE BAPTIST CHURCH
(Operating as "Compass Community Church")
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

6. LONG TERM DEBT

	2023	2022
Scotiabank non revolving loan, due March 26, 2025, repayable in blended monthly instalments of \$2,675, interest charged at 3.60%, secured by a general security agreement and building with a carrying value of \$3,141,152	\$ 299,172	\$ 320,125
Scotiabank non revolving loan, due March 26, 2025, repayable in blended monthly instalments of \$2,338, interest charged at 3.50%, secured by a general security agreement and building with a carrying value of \$3,141,152	30,096	56,595
Scotiabank non revolving term loan, due August 24, 2024, repayable in annual principal instalments of \$7,865, with interest charged at Prime + 1%, payable monthly, secured by a general security agreement and building with a carrying value of \$3,141,152	102,135	0
Personal loan, interest only monthly payments at a rate of 5.75%, with principal due September 14, 2024, unsecured	25,000	0
Personal loan, interest only monthly payments at a rate of 7.50%, with principal due September 16, 2024, unsecured	50,000	0
Personal loan, interest only monthly payments at a rate of 7.50%, with principal due September 18, 2024, unsecured	30,000	0
Canada Emergency Business Account (CEBA) loan, interest-free, unsecured, repaid December 11, 2023	<u>0</u>	<u>30,000</u>
	536,403	406,720
Cash repayments required within 12 months	<u>(256,320)</u>	<u>(77,321)</u>
	<u>\$ 280,083</u>	<u>\$ 329,399</u>

Under the terms of the Scotiabank loan agreements, the organization is required to maintain a debt service ratio. As at December 31, 2024, no conditions regarding these loans have been breached.

Future minimum payments on long term obligations are as follows:

2024	\$ 256,320
2025	<u>280,083</u>
	<u>\$ 536,403</u>

ORANGEVILLE BAPTIST CHURCH
(Operating as "Compass Community Church")
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

7. EXTERNALLY RESTRICTED FUNDS

	Opening Balance	Donations	Expenses	Transfers	Ending Balance
Benevolent	\$ 22,674	\$ 82,870	\$ (60,972)	\$ 0	\$ 44,572
Missions	7,116	27,266	(48,170)	16,792	3,004
Church Multiplication	0	1,850	(1,850)	0	0
Refuge Sponsorship	<u>28,098</u>	<u>6,230</u>	<u>(13,497)</u>	<u>0</u>	<u>20,831</u>
	<u>\$ 57,888</u>	<u>\$ 118,216</u>	<u>\$ (124,489)</u>	<u>\$ 16,792</u>	<u>\$ 68,407</u>

8. INVESTED IN CAPITAL ASSETS

	2023	2022
Opening balance	\$ 3,315,647	\$ 3,355,602
Purchase of capital assets	163,867	120,791
Disposal of capital assets	(39,322)	0
Change in long term debt	(159,683)	45,670
Amortization of capital assets	<u>(207,674)</u>	<u>(206,416)</u>
Ending balance	<u>\$ 3,072,835</u>	<u>\$ 3,315,647</u>

9. TRANSFERS

During the year, \$4,184 (2022 - \$76,938) was transferred to the invested in capital assets fund from the general fund, and \$16,792 (2022 - \$0) was transferred to the restricted funds from the general fund for missions trips. No transfers were made to the invested in capital assets fund from the restricted funds for the purchase of capital assets in the year (2022 - \$89,523).

10. PROGRAMS

	Donations and grants	Fees	Own Ministries	Partner Ministries	2023
Group Programs	\$ 75,560	\$ 79,848	\$ (167,336)	\$ (1,127)	\$ (13,055)
Church-wide Programs	0	253	(50,048)	(440)	(50,235)
Global	0	0	(247)	(50,836)	(51,083)
Regional	<u>31,686</u>	<u>71,291</u>	<u>(30,266)</u>	<u>(77,480)</u>	<u>(4,769)</u>
	<u>\$ 107,246</u>	<u>\$ 151,392</u>	<u>\$ (247,897)</u>	<u>\$ (129,883)</u>	<u>\$ (119,142)</u>