

LAKESIDE BIBLE CHURCH
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(with comparative figures
for the year ended December 31, 2015)

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INDEPENDENT AUDITOR'S REPORT

To: The Directors of Lakeside Bible Church:

Report on the Financial Statements

I have audited the accompanying financial statements of Lakeside Hope House, which comprise the statement of financial position as at December 31, 2016 and the statements of changes in net assets, operations and changes in financial position 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 judgement, 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.

I believe that the audit evidence I have obtained in my audit is sufficient and appropriate to provide a basis for my audit opinion.

Basis for Qualified Opinion

As is common with many charitable organizations, the entity derives revenue from cash donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the entity and I was not able to determine whether any adjustments might be necessary to revenues, revenues over expenditures for the year, assets and net assets. Also the organization does not capitalize or amortize any capital assets purchased through funding received.

Qualified Opinion

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the statement of financial position of Lakeside Bible Church as at December 31, 2016 and the results of operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Guelph, Ontario.
March 24, 2017

B. D. Hawkins, CPA, CA
Licensed Public Accountant.

**LAKESIDE BIBLE CHURCH
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016**

Assets

	2016	2015
CURRENT		
Cash short term investments	\$ -	\$ 43,415
Accounts Receivable	535	795
HST recoverable	20,797	13,443
Marketable securities	5,118	50
Deferred interest	2,379	4,538
Loan receivable	72,885	40,869
Prepaid Expenses	6,273	-
	107,987	103,110
 CAPITAL (note 4)	 5,403,444	 5,732,362
	\$ 5,511,431	\$ 5,835,472


Liabilities and net assets

CURRENT		
Cash and short term investments overdrawn	\$ 2,962	\$ -
Accounts payable and accrued liabilities	68,669	18,959
Deferred revenue	-	1,000
Current portion of long term debt (note 5)	204,535	299,332
	276,166	319,291
 LONG TERM DEBT (note 5)	 2,726,752	 2,669,498

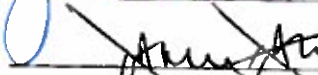
NET ASSETS

Restricted for capital assets	2,574,490	2,778,931
Restricted Working capital	-	11,345
Restricted Youth purposes	8,073	8,668
Restricted Mission purposes	16,000	(40,673)
Unrestricted Project funds	53,531	-
Unrestricted general purposes	(143,581)	88,412
	2,508,513	2,846,683
	\$ 5,511,431	\$ 5,835,472

Approved on behalf of the board:



Director



Director

(see accompanying notes to financial statements)

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LAKESIDE BIBLE CHURCH
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Restricted for Capital assets (note a)	Restricted Working Capital	Restricted Youth Purposes	Restricted Mission Purposes	Unrestricted Project	Unrestricted General Purpose	Total
Balance, beginning of year	\$ 2,778,931	\$ 11,345	\$ 8,668	\$ (40,673)	\$ 0	\$ 88,412	\$ 2,846,683
Revenues	6,368	-	-	123,752	0	2,231,415	2,361,535
Expenses	(508,013)	-	-	(141,548)	0	(2,059,535)	(2,709,096)
Transfers	297,204	(11,345)	(595)	74,469	53,531	(403,873)	9,391
Balance, end of year	\$ 2,574,490	\$ 0	\$ 8,073	\$ 16,000	\$ 53,531	\$ (143,581)	\$ 2,508,513

Note (a) Restricted for Capital
Assets is comprised of the
following assets and liabilities
per the statement of financial
position

Capital assets	\$ 5,403,444
HST recoverable	2,333
Long term debt	(2,831,287)
	<u>\$ 2,574,490</u>

(see accompanying notes to financial statements)

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**LAKESIDE BIBLE CHURCH
STATEMENT OF OPERATIONS
AS AT DECEMBER 31, 2016**

	Restricted for Capital Assets	Internally Restricted	Unrestricted General Purpose	2016	2015
REVENUES					
Lakeside Central					
Donations - General	\$ -	\$ -	\$ 1,558,846	\$ 1,558,846	\$ 1,572,977
- Church Planting	-	-	-	0	60,338
- Community Impact	-	29,823	-	29,823	24,280
- Missions	-	34,598	-	34,598	29,620
- Building	6,368	-	-	6,368	9,723
Lakeside Downtown	-	-	151,851	151,851	172,374
Lakeside outpost	-	-	141,776	141,776	68,700
Missions fundraising	-	54,341	-	54,341	37,303
Self supporting ministries	-	-	297,905	297,905	312,123
Rental income	-	-	77,144	77,144	32,283
Syrian Refugee Fund	-	4,990	0	4,990	0
Grants	-	-	2,366	2,366	0
Miscellaneous	-	-	1,527	1,527	11,034
	<u>6,368</u>	<u>123,752</u>	<u>2,231,415</u>	<u>2,361,535</u>	<u>2,330,755</u>
EXPENDITURES					
Program, ministry and salaries	-	-	1,239,711	1,239,711	1,353,641
Property	-	-	219,905	219,905	213,998
Lakeside kids	-	-	7,721	7,721	8,846
Maturity	-	-	6,854	6,854	10,720
Youth ministries	-	-	9,890	9,890	16,054
Administration	-	-	66,292	66,292	60,898
Community care and integration	-	-	32,532	32,532	28,820
Community impact	-	41,208	-	41,208	67,427
Missions	-	98,884	-	98,884	63,703
Self supporting ministries	-	-	313,210	313,210	314,419
Lakeside downtown	-	-	88,698	88,698	56,922
Lakeside outpost	-	-	74,722	74,722	77,091
Syrian Refugee Expense	-	1,456	-	1,456	-
	<u>-</u>	<u>141,548</u>	<u>2,059,535</u>	<u>2,201,083</u>	<u>2,272,539</u>
SURPLUS (Deficit) before other expenses	<u>6,368</u>	<u>(17,796)</u>	<u>171,880</u>	<u>160,452</u>	<u>58,216</u>
OTHER EXPENSES					
Amortization	349,050	-	-	349,050	349,050
Long term interest	158,963	-	-	158,963	155,341
	<u>508,013</u>	<u>-</u>	<u>-</u>	<u>508,013</u>	<u>504,391</u>
(DEFICIT) Surplus for the year	<u>\$ (501,645)</u>	<u>\$ (17,796)</u>	<u>\$ 171,880</u>	<u>\$ (347,561)</u>	<u>\$ (446,175)</u>

(see accompanying notes to financial statements)
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LAKESIDE BIBLE CHURCH
STATEMENT OF CASH FLOWS
AS AT DECEMBER 31, 2016

OPERATING ACTIVITIES	2016	2015
Net (deficit) surplus for the year	\$ (347,561)	\$ (446,175)
Changes to earnings not involving cash:		
Adjustment to surplus - previous year	9,391	10,109
Amortization	349,050	349,050
	<u>10,880</u>	<u>(87,016)</u>
Changes in non-cash working capital balances:		
(Increase) decrease in HST recoverable	(7,354)	6,054
Decrease in accounts receivable	260	748
(Increase) in loan receivable	(32,016)	(30,869)
(Increase) in prepaid expenses	(6,273)	0
Decrease (increase) in deferred interest	2,159	(4,538)
Increase (decrease) in accounts payable and accrued liabilities	49,710	5,328
(Decrease) in deferred revenue	(1,000)	(100)
Cash flow from operations	<u>16,366</u>	<u>(110,393)</u>
FINANCING ACTIVITIES		
(Decrease) increase in current portion of long term debt	(94,797)	11,921
Increase in long term debt	57,254	85,880
Cash and equivalents from financing activities	<u>(37,543)</u>	<u>97,801</u>
INVESTING ACTIVITIES		
(Purchase) of capital assets	(20,132)	(118,350)
(Increase) decrease in value of donated shares	(5,068)	5,109
Cash and equivalents from investing activities	<u>(25,200)</u>	<u>(113,241)</u>
(Decrease) in cash and equivalents for the year	(46,377)	(125,833)
Cash and equivalents, beginning of year	43,415	169,248
Cash and equivalents, end of year	<u>\$ (2,962)</u>	<u>\$ 43,415</u>
Represented by:		
Cash and short term investments	<u>\$ (2,962)</u>	<u>\$ 43,415</u>

(see accompanying notes to financial statements)
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**LAKESIDE BIBLE CHURCH
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016**

1 Purpose of the organization

Lakeside Bible Church is a registered charity, incorporated without share capital under the laws of Ontario, whose primary purpose is to promote and teach the gospel of Jesus Christ to the world.

2 Significant accounting policies

The financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

a. Marketable securities

Marketable securities are classified as held for trade and are recorded at fair value.

b. Capital assets and amortization

Capital asset purchases are recorded at cost. Amortization is recorded using the straight line method at the following rates:

Land - Conservation	0%
Land - Norfolk	0%
Building - Conservation	5%
Building - Norfolk	5%
Furniture and equipment	5%
Paving	0%

c. Impairment of long lived assets

Long lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying value 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.

b. Contributed services and materials

Contributed services by volunteers and contributed materials are not recognized in the financial statements.

e. Income taxes

The corporation has registered with Canada Revenue Agency as a charitable organization and is therefore exempt for income tax purposes under Section 149(1)(f) of the Income tax Act.

LAKESIDE BIBLE CHURCH
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

f. Fund accounting

Lakeside Bible Church follows the restricted fund method of accounting for contributions.

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

The project fund accounts for special funds raised and set aside for special purposes. The fund reports unrestricted resources.

The capital asset fund reports the assets, liabilities, revenues and expenses related to Lakeside Bible Church's capital assets and building expansion campaign.

The mission fund reports revenues and expenses for the churches mission activities.

The youth fund reports revenues and expenses related to fundraising and distribution with respect to youth activities and scholarships.

The working capital fund is to set aside funds in the event the current account is operating in a deficit in a particular year.

g. Revenue recognition

Restricted contributions are recognized as revenue of the appropriate restricted fund when received. Unrestricted contributions are recognized as revenue of the general fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

h. Use of estimates

The preparation of financial statements, in conformity with Canadian generally accepted accounting principles, 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. Actual results could differ from those estimates.

3 Financial instruments.

The carrying values of cash, term deposits, HST recoverable, accounts payable and accrued liabilities, approximate their fair value due to the relatively short periods to maturity of these items.

LAKESIDE BIBLE CHURCH
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

4 Capital assets and amortization

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Land - Conservation	\$ 450,000	\$ -	\$ 450,000	\$ 450,000
Land - Norfolk	660,848	-	660,848	660,848
Building - Conservation	7,482,589	3,576,988	3,905,601	4,196,931
Building - Norfolk	398,717	64,125	334,592	348,842
Furniture and equipment	580,466	533,278	47,188	70,527
Paving	8,452	3,238	5,214	5,214
	<u>\$ 9,581,072</u>	<u>\$ 4,177,629</u>	<u>\$ 5,403,443</u>	<u>\$ 5,732,362</u>

5 Long Term Debt

The long term debt is made up of:

	2016	2015
Mortgage payable- blended monthly principal and interest payments of \$18,328, interest at 5.00%, due January 1, 2036, secured by real property.	\$ 2,777,133	\$ 2,879,283
Royal Bank term loan - blended monthly principal and interest payments of \$1,518 , interest at 4.20%, due April 2017, secured by GIC held by Lakeside.	5,302	21,785
Royal Bank lease payable - monthly payments of \$1,576 plus HST for 48 months, termination date August 2019	48,852	67,762
Loan Payable, dated Nov. 2, 2016 , due 7 days after demand, payable to 1708957 Ontario Ltd. No payments, no interest.	100,000	-
	<u>2,931,287</u>	<u>2,968,830</u>
Less: Current portion	204,535	299,332
	<u>\$ 2,726,752</u>	<u>\$ 2,669,498</u>

On January 1, 2016, the mortgage payable was renegotiated with a new repayment term and due date.

**LAKESIDE BIBLE CHURCH
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016**

Principal repayments for the next five years are as follows:

2017	\$	204,535
2018		105,348
2019		102,574
2020		96,012
2021		101,280
		<u>609,749</u>

6 Capital disclosures

The organization's objective when managing capital is to safeguard the organization's ability to continue as a going concern so it can continue to promote and teach the gospel of Jesus Christ to the world.

The organization manages the capital structure and makes adjustments to it in light of changes in economic conditions. The organization is not subject to externally imposed capital requirements.