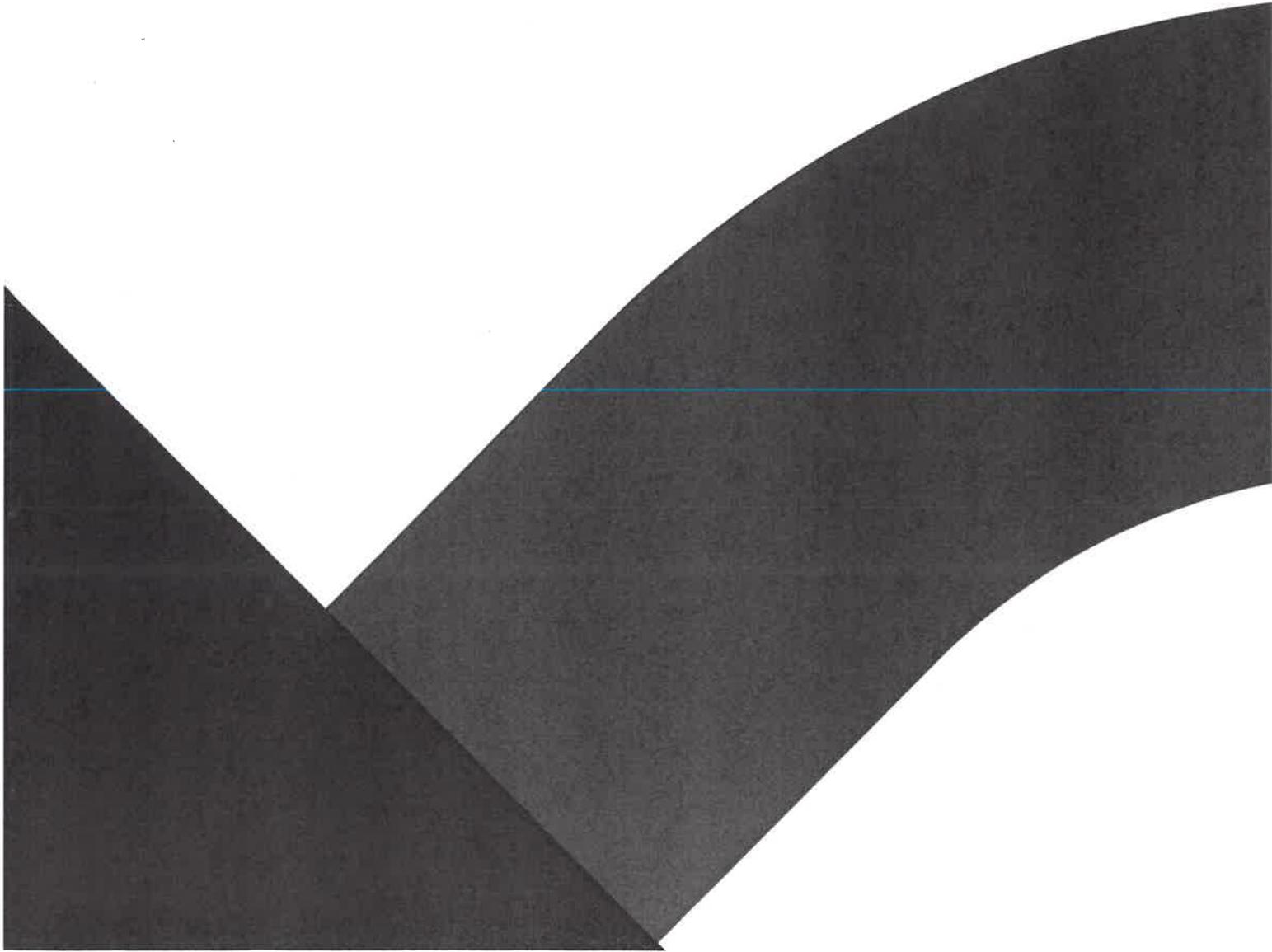




Harvest Bible Chapel Brampton
Financial Statements
For the year ended December 31, 2017



Harvest Bible Chapel Brampton

Financial Statements

For the year ended December 31, 2017

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To the Members of
Harvest Bible Chapel Brampton

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of Harvest Bible Chapel Brampton, which comprise the statement of financial position as at December 31, 2017 and the statements of receipts and expenditures, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Church derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to amounts recorded in the records of the Church and we were not able to determine whether any adjustments might be necessary to those revenues, and excess of receipts over expenditures for the year ended December 31, 2017, and assets and net assets at December 31, 2017.

Qualified Opinion

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 Harvest Bible Chapel Brampton as at December 31, 2017 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.

June 14, 2018
Burlington, Ontario

SB Partners LLP

Chartered Professional Accountants
Licensed Public Accountants

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Harvest Bible Chapel Brampton

Statement of Financial Position

December 31, 2017

	Assets	
	2017	2016
Current assets		
Cash and cash equivalents	\$ 400,013	\$ 191,793
Internally restricted cash and cash equivalents	131,866	54,472
H.S.T. receivable	8,355	18,717
Prepaid expenses and deposits	13,417	14,277
	553,651	279,259
Capital assets (Note 3)	53,782	44,019
	\$ 607,433	\$ 323,278

	Liabilities	
Current liabilities		
Accounts payable and accrued liabilities (Note 4)	\$ 34,266	\$ 104,057
Deferred building campaign contributions (Note 5)	252,000	-
	\$ 286,266	\$ 104,057

	Net Assets	
Net assets invested in capital assets	\$ 53,782	\$ 44,019
Net assets internally restricted (Note 6)	131,866	54,472
Unrestricted net assets	135,519	120,730
	321,167	219,221
	\$ 607,433	\$ 323,278

Approved on Behalf of the Board

Members

Members

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



Harvest Bible Chapel Brampton
Statement of Changes in Net Assets
Year Ended December 31, 2017

	Invested in Capital Assets	Internally Restricted (Note 6)	Unrestricted	Total 2017	Total 2016
Balance, beginning of year	\$ 44,019	\$ 54,472	\$ 120,730	\$ 219,221	\$ 106,340
Excess (deficiency) of receipts over expenditures for the year	(16,681)	-	118,627	101,946	112,881
Transfer to internally restricted	-	77,394	(77,394)	-	-
Purchase of capital assets	26,444	-	(26,444)	-	-
Balance, end of year	\$ 53,782	\$ 131,866	\$ 135,519	\$ 321,167	\$ 219,221

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



Harvest Bible Chapel Brampton
Statement of Receipts and Expenditures
Year Ended December 31, 2017

	2017	2016
Receipts	\$ 1,222,163	\$ 1,118,800
Expenditures		
Administration	80,093	70,704
Adult ministries	20,100	11,775
Amortization	16,681	21,254
Building and property	148,901	146,647
Family ministries	31,588	26,951
Hospitality	6,439	5,963
Ministry operations	610,021	546,674
Missions	179,249	164,240
Worship and production	27,145	11,711
	1,120,217	1,005,919
Excess of receipts over expenditures for the year	\$ 101,946	\$ 112,881

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



Harvest Bible Chapel Brampton

Statement of Cash Flows

Year Ended December 31, 2017

	2017	2016
Cash flows from operating activities		
Excess of receipts over expenditures for the year	\$ 101,946	\$ 112,881
Charges not involving cash		
Amortization	16,681	21,254
	118,627	134,135
Net change in H.S.T. receivable	10,362	(9,395)
Net change in accounts payable and accrued liabilities	(69,791)	25,212
Net change in other operating working capital balances	860	(3,446)
Cash flows from operating activities	60,058	146,506
Cash flows from investing activities		
Purchase of capital assets	(26,444)	(16,996)
Increase in deferred building campaign contributions	252,000	-
Cash flows from (used in) investing activities	225,556	(16,996)
Net increase in cash and cash equivalents	285,614	129,510
Cash and cash equivalents, beginning of year	246,265	116,755
Cash and cash equivalents, end of year	\$ 531,879	\$ 246,265
Cash and cash equivalents consist of:		
Cash and cash equivalents	\$ 400,013	\$ 191,793
Internally restricted cash and cash equivalents	131,866	54,472
	\$ 531,879	\$ 246,265

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



Harvest Bible Chapel Brampton

Notes to Financial Statements

Year Ended December 31, 2017

1. Form of Organization

Harvest Bible Chapel Brampton (the "Church") is registered as a charitable organization under the Canadian Income Tax Act.

The focus of the ministry at Harvest Bible Chapel Brampton is to glorify God through the fulfillment of the Great Commission (Matthew 28:19-20) in the spirit of the Great Commandment (Matthew 22:37-39). This is fulfilled as disciples of Jesus Christ are made. God is glorified as we manifest His presence in doing so (2 Timothy 2:2; 1 Corinthians 10:31).

2. Significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks.

Financial instruments

The Church's financial instruments consist of cash and cash equivalents, internally restricted cash and cash equivalents, accounts payable and accrued liabilities, and deferred building campaign contributions. Financial instruments are initially recognized at fair value and subsequently measured at amortized cost. Transaction costs and financing fees associated with financial instruments carried at amortized cost are recorded as adjustments to the initial fair value recognized and amortized over the life of the financial instrument.

Capital assets

Capital assets are recorded at cost. Amortization is provided as follows:

Computer equipment	30% declining balance
Furniture and fixtures	20% declining balance
Leasehold improvements	3 year straight-line
Sound equipment	30% declining balance
Vehicles	30% declining balance

One-half the normal rate of amortization is provided for in the year of acquisition.

Revenue recognition

The Church follows the deferral method of accounting for contributions. Restricted donations received are recognized as revenue in the period in which the related expenses are incurred. Unrestricted donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributed services

Volunteers contribute many hours each year to assist the Church in carrying out its activities. Because of the difficulty of determining fair value, contributed services are not recognized in the financial statements.



Harvest Bible Chapel Brampton

Notes to Financial Statements

Year Ended December 31, 2017

2. Significant accounting policies (cont'd.)

Income taxes

The Church is a not-for-profit organization registered under the Income Tax Act (the "Act") and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Church must meet certain requirements of the Act. In the opinion of management, these requirements have been met.

Use of estimates

The preparation of financial statements 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 expense during the period. Actual results could differ from those estimates.

3. Capital assets

	Cost	Accumulated Amortization	2017	2016
Computer equipment	\$ 9,436	\$ 4,926	\$ 4,510	\$ 6,442
Furniture and fixtures	10,195	5,081	5,114	4,196
Leasehold improvements	51,854	51,854	-	-
Sound equipment	69,256	33,781	35,475	23,632
Vehicles	18,572	9,889	8,683	9,749
	<u>\$ 159,313</u>	<u>\$ 105,531</u>	<u>\$ 53,782</u>	<u>\$ 44,019</u>

4. Accounts payable and accrued liabilities

	2017	2016
Accounts payable and accrued liabilities	\$ 23,516	\$ 29,918
Payroll deductions payable	7,454	12,232
Other payables	3,296	61,907
	<u>\$ 34,266</u>	<u>\$ 104,057</u>

5. Deferred building campaign contributions

Deferred building campaign contributions represent unspent resources restricted for the purchase of capital assets. Changes in the deferred building campaign contributions balance are as follows:

	2017	2016
Additional contributions received	\$ 252,000	\$ -



Harvest Bible Chapel Brampton

Notes to Financial Statements

Year Ended December 31, 2017

6. Net assets internally restricted

The Church has designated these funds to be reserved for future Missions and facility expenditures.

7. Subsequent events

On March 31, 2018 the Church entered into an agreement to purchase a property for a total purchase price of \$15,500,000. The offer to purchase this property is conditional upon the Church arranging satisfactory financing within 60 days of the acceptance of the offer.

8. Financial instruments

The Church's financial instruments consist of cash and cash equivalents, internally restricted cash and cash equivalents, accounts payable and accrued liabilities and deferred building campaign contributions.

Liquidity risk

The Church's exposure to liquidity risk is dependent on purchasing commitments and obligations for raising of funds to meet commitments and sustain operations. The Church controls liquidity risk by management of working capital, and cash flows.

Unless otherwise noted, it is management's opinion that the Church is not exposed to significant credit, interest, market, or currency risks.

