

TRINITY BIBLE CHURCH OF OTTAWA

FINANCIAL STATEMENTS

DECEMBER 31, 2010

Watson Folkins Corey LLP

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INDEPENDENT AUDITORS' REPORT

To the Members of the
Trinity Bible Church of Ottawa:

Report on the Financial Statements

We have audited the accompanying financial statements of Trinity Bible Church of Ottawa, which comprise the statement of financial position and changes in fund balances as at December 31, 2010 and the statements of operations 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 accounting principles generally accepted in Canada, 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 that we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

INDEPENDENT AUDITORS' REPORT (Continued)

Basis for Qualified Opinion

In common with similar organizations, the Church derives revenue in the form of donations and camp revenues, 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 Church and we were not able to determine whether any adjustments might be necessary to donations and camp revenue, net revenue (expenses) for the year, assets and unrestricted net assets.

Qualified Opinion

In our opinion, except for the 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 Trinity Bible Church of Ottawa as at December 31, 2010 and of its financial performance and its cash flows for the year then ended in accordance with accounting principles generally accepted in Canada.

Watson Folkins Corey LLP

WATSON FOLKINS COREY LLP

Chartered Accountants
Licensed Public Accountants

Ottawa, Ontario, Canada
March 29, 2011

TRINITY BIBLE CHURCH OF OTTAWA**STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2010**

	<u>2010</u>	<u>2009</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 62,105	\$ 70,163
GST/HST receivable	<u>13,153</u>	<u>7,365</u>
	75,258	77,528
CAPITAL ASSETS (note 6)	<u>788,046</u>	<u>821,395</u>
	<u>\$ 863,304</u>	<u>\$ 898,923</u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 7,829	\$ 13,511
Current portion of long term debt	<u>27,360</u>	<u>25,669</u>
	35,189	39,180
LONG TERM DEBT (note 8)	267,913	296,373
NET ASSETS		
Invested in capital assets (note 7)	492,773	499,353
Unrestricted	<u>67,429</u>	<u>64,017</u>
Fund balances	<u>560,202</u>	<u>563,370</u>
	<u>\$ 863,304</u>	<u>\$ 898,923</u>

Approved on behalf of the Board:

Director _____

Director _____

See accompanying Notes to Financial Statements

TRINITY BIBLE CHURCH OF OTTAWA**STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>2010</u>	<u>2009</u>
REVENUE		
General donations	\$ 292,445	\$ 298,846
Donations - You Feed Them	34,252	34,522
Donations - In His Care	10,085	10,429
Donations other	11,621	20,398
Loose offerings	12,434	10,186
Summer Camp	10,586	6,850
Expense recovery	14,632	11,754
In-kind contributions	-	3,087
Interest	14	158
	<u>386,069</u>	<u>396,230</u>
EXPENSES (SCHEDULE A)		
Salaries and benefits	145,312	134,881
Administration	38,339	39,945
Ministries	110,377	119,143
Summer Camp	3,495	7,170
Training	-	5,522
Buildings, grounds and utilities	39,256	44,683
Interest on long term debt	19,109	20,695
	<u>355,888</u>	<u>372,039</u>
Excess of revenues over expenses before amortization	30,181	24,191
Amortization	<u>33,349</u>	<u>34,222</u>
EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUE)	(3,168)	(10,031)
Fund balances - beginning of year	<u>563,370</u>	<u>573,401</u>
FUND BALANCES - END OF YEAR	\$ 560,202	\$ 563,370
ALLOCATION OF FUND BALANCES		
Invested in capital assets (note 7)	\$ 492,773	\$ 499,353
Unrestricted	<u>67,429</u>	<u>64,017</u>
	<u>\$ 560,202</u>	<u>\$ 563,370</u>

See accompanying Notes to Financial Statements

TRINITY BIBLE CHURCH OF OTTAWA

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>2010</u>	<u>2009</u>
CASH FROM (FOR) OPERATING ACTIVITIES		
Excess of revenue over expenses (expenses over revenues)	\$ (3,168)	\$ (10,031)
Add back non-cash items		
Amortization	<u>33,349</u>	<u>34,222</u>
	30,181	24,191
Net change in non-cash working capital		
GST/HST receivable	<u>(5,788)</u>	(2,780)
Accounts payable and accrued liabilities	<u>(5,682)</u>	<u>(11,312)</u>
	<u>(11,470)</u>	<u>(14,092)</u>
Cash from operating activities	18,711	10,099
CASH FROM (FOR) FINANCING AND INVESTING ACTIVITIES		
Purchase of capital assets	-	(12,823)
Repayment of mortgage principal	<u>(26,769)</u>	<u>(24,083)</u>
Cash from (for) financing and investing activities	<u>(26,769)</u>	<u>(36,906)</u>
NET INCREASE (DECREASE) IN CASH	(8,058)	(26,807)
Cash balance, beginning of year	<u>70,163</u>	<u>96,970</u>
CASH BALANCE, END OF YEAR	\$ <u>62,105</u>	\$ <u>70,163</u>
Cash balance includes:		
Cash in bank	\$ <u>56,853</u>	\$ 59,860
Guaranteed Investment Certificate	<u>5,252</u>	<u>10,303</u>
	\$ <u>62,105</u>	\$ <u>70,163</u>

See accompanying Notes to Financial Statements

TRINITY BIBLE CHURCH OF OTTAWA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2010

1. PURPOSE OF THE ORGANIZATION

Trinity Bible Church of Ottawa provides pastoral and other spiritual services for a congregation from the Osgoode Community and the local environs of Ottawa. Trinity Bible Church also supports and participates in evangelistic and missionary activities inside and outside Canada.

Trinity Bible Church of Ottawa was incorporated under the Canada Corporations Act as a not-for-profit organization and is a Registered Charity under the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Capital assets

Capital assets are stated at cost, less accumulated amortization. Capital asset purchases costing less than \$1,000 are expensed in the year of purchase. Otherwise, in the year of acquisition, one-half the year's amortization is recorded on the related capital assets.

Amortization is provided on the straight-line basis as follows:

Building	Forty years
Furniture and equipment	Five years
Computers	Three years

(b) Accrual basis of accounting

Revenue and expenses are recorded on the accrual basis, whereby they are reflected in the period in which they have been earned and incurred respectively, whether or not such transactions have been finally settled by the receipt or payment of money.

(c) Revenue recognition

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

(d) Volunteer services

Trinity Bible Church receives the services of many volunteers, the cost of which cannot be reasonably estimated. Therefore, no representation of this expenditure has been included in these financial statements.

(e) Estimates and assumptions

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 revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

TRINITY BIBLE CHURCH OF OTTAWA**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010****2. SIGNIFICANT ACCOUNTING POLICIES, continued**

(f) Financial instruments

The Church's financial instruments consist of cash, GST/HST receivable, accounts payable and accrued liabilities and long term debt. The fair values of these financial instruments approximate their carrying values, unless otherwise stated. It is management's opinion that the Church is not exposed to significant interest rate, currency or credit risks arising from these financial instruments.

Cash held by the Church is classified as held-for-trading and is measured at amortized cost.

GST/GST receivable is classified as loans and receivable and is measured at amortized cost.

Accounts payable and accrued liabilities are classified as other loans payable and measured at amortized cost.

Long term debt is classified under the held-to-maturity method and is carried at amortized cost.

3. CHANGES IN ACCOUNTING POLICIES

a). During the year ended December 31, 2010, Trinity Bible Church of Ottawa adopted Handbook Sections 3862, "Disclosures" and 3863, "Presentation" issued by the Canadian Institute of Chartered Accountants with respect to financial statement presentation.

They replaced Section 3861, "Financial Instruments - Disclosure and Presentation", increasing the emphasis on disclosure about risks associated with both recognized and unrecognized financial instruments and how these risks are managed.

b). In September 2010, the Canadian Auditing Standards Board approved the following accounting framework choices for Canadian private sector not-for-profit organizations:

1. The current accounting standards for Canadian not-for-profit organizations - the "4400 series of standards" (with minor modifications) with Canadian Accounting Standards for Private Enterprises as the underlying accounting framework, or

2. International Financial Reporting Standards (IFRS).

Not-for-profit organizations will be required to adopt these standards for fiscal periods beginning on or after January 1, 2012, although earlier adoption is permitted. Trinity Bible Church of Ottawa is currently evaluating the impact of the adoption of these new standards on its financial statements.

4. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of cash, GST/HST receivable and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of the instruments. Due to decreased interest rates, the fair value of the long term debt is higher than the recorded value, however the current asset financing program is satisfactory to management. It is management's opinion that the Church is not exposed to significant interest, currency or credit risks arising from these financial instruments,

TRINITY BIBLE CHURCH OF OTTAWA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2010

5. CAPITAL DISCLOSURES

Trinity Bible Church defines the capital that it manages as its unrestricted net assets.

The capital management objectives of the Church are to generally match the structure of its capital to the underlying nature and term of the assets being financed, and to hold sufficient funds to enable it to withstand negative unexpected financial events in order to ensure the ability to continue as a going concern and to maintain sufficient liquidity to meet its obligations as they become due.

The Church is not subject to any externally imposed capital requirements.

6. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2010 Net</u>	<u>2009 Net</u>
Land	\$ 98,265	\$ -	\$ 98,265	\$ 98,265
Building	969,973	302,673	667,300	691,549
Computers	3,591	2,242	1,349	2,101
Furniture and equipment	101,593	80,461	21,132	29,480
	<u>\$ 1,173,422</u>	<u>\$ 385,376</u>	<u>\$ 788,046</u>	<u>\$ 821,395</u>

7. INVESTED IN CAPITAL ASSETS

	<u>2010</u>	<u>2009</u>
Net capital assets	\$ 788,046	\$ 821,395
Less current portion of long term debt	(27,360)	(25,669)
Less long term portion of long term debt	<u>(267,913)</u>	<u>(296,373)</u>
	<u>\$ 492,773</u>	<u>\$ 499,353</u>

8. LONG TERM DEBT

	<u>2010</u>	<u>2009</u>
560272 Ontario Inc., 1st Mortgage, interest at 6.875%, \$2,200 monthly	\$ 133,619	\$ 151,236
Associated Gospel Churches, interest at 5.60%, \$1,531 monthly	161,654	170,806
	<u>295,273</u>	<u>322,042</u>
Less current portion of long term debt	<u>(27,360)</u>	<u>(25,669)</u>
	<u>\$ 267,913</u>	<u>\$ 296,373</u>

TRINITY BIBLE CHURCH OF OTTAWA**SCHEDULE OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010****SCHEDULE A**

	<u>2010</u>	<u>2009</u>
SALARIES AND BENEFITS		
Salaries and wages	\$ 112,170	\$ 98,347
Contract wages	15,357	20,600
Benefits and allowances	<u>17,785</u>	<u>15,934</u>
	145,312	134,881
ADMINISTRATION		
Administrative supplies	8,919	8,170
Fellowship supplies	2,866	2,345
Bank charges	1,848	1,939
Professional fees	10,307	8,413
Internet and website	1,958	4,640
Advertising, promotion and honouraria	1,150	6,060
AGC Partnership	<u>11,291</u>	<u>8,378</u>
	38,339	39,945
MINISTRIES		
Missionaries	22,987	20,610
Special activities	8,888	-
In His Care	11,092	17,877
Outreach	3,187	10,386
You Feed Them	23,215	47,066
Children	12,941	3,380
Youth	8,467	6,580
Adult	16,420	9,895
Benevolent and other	<u>3,180</u>	<u>3,349</u>
	110,377	119,143
SUMMER CAMP		
Curriculum	83	263
Supplies	1,527	5,107
Honourarium	<u>1,885</u>	<u>1,800</u>
	3,495	7,170
TRAINING		
Conferences and seminars	-	321
Library and other	<u>-</u>	<u>5,201</u>
	-	5,522
Sub-total (to page 10)	\$ 297,523	\$ 306,661

See accompanying Notes to Financial Statements

TRINITY BIBLE CHURCH OF OTTAWA**SCHEDULE OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010****SCHEDULE A**

	<u>2010</u>	<u>2009</u>
Sub-total (from page 9)	\$ 297,523	\$ 306,661
BUILDINGS, GROUNDS AND UTILITIES		
Heating	6,269	11,318
Hydro	5,991	5,918
Insurance	4,263	4,095
Telephone	2,893	3,099
Equipment and capital improvements	4,664	9,069
Maintenance	15,176	11,184
	<u>39,256</u>	<u>44,683</u>
INTEREST ON LONG TERM DEBT		
First mortgage	9,883	10,978
Second mortgage	9,226	9,717
	<u>19,109</u>	<u>20,695</u>
TOTAL EXPENSES	\$ <u>355,888</u>	\$ <u>372,039</u>

See accompanying Notes to Financial Statements