
MUSKOKA BIBLE MINISTRIES
FINANCIAL STATEMENTS
DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Directors of
Muskoka Bible Ministries
HUNTSVILLE
Ontario

Opinion

We have audited the accompanying financial statements of Muskoka Bible Ministries which comprise the statement of financial position as at December 31, 2021 and the statement of operations and changes in net assets and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the entity as at December 31, 2021 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 Opinion

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 the entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other 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 opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity'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.

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As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment 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 the 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 entity'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 entity'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 entity 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.



NORTON McMULLEN LLP

Chartered Professional Accountants, Licensed Public Accountants

MARKHAM, Canada

March 10, 2022

MUSKOKA BIBLE MINISTRIES
STATEMENT OF FINANCIAL POSITION

As at December 31, 2021 2020

ASSETS

Current

Cash	\$ 41,370	\$ 31,481
Accounts receivable	-	3,363
HST refundable	29,613	31,553
Due from related party (Note 3)	-	232,815
Prepaid expenses	<u>685</u>	<u>2,883</u>
	\$ 71,668	\$ 302,095

Capital Assets (Note 2)

<u>252,175</u>	<u>268,185</u>
<u>\$ 323,843</u>	<u>\$ 570,280</u>

LIABILITIES

Current

Accounts payable and accrued liabilities	\$ 14,188	\$ 14,715
Due to related parties (Note 3)	<u>614,683</u>	<u>369,754</u>
	\$ 628,871	\$ 384,469

Long-Term


Canada Emergency Business Account	<u>-</u>	<u>30,000</u>
	\$ 628,871	\$ 414,469


NET ASSETS

<u>(305,028)</u>	<u>155,811</u>
<u>\$ 323,843</u>	<u>\$ 570,280</u>

Contingencies (Note 6)

Approved by the Board:

 _____ Director

 _____ Director

MUSKOKA BIBLE MINISTRIES

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended December 31,	2021	2020
REVENUES		
Contributions (Note 3)	\$ 531,807	\$ 825,752
Ministry fee revenue	71,980	3,600
Government assistance (Note 4)	42,366	144,776
	<u>\$ 646,153</u>	<u>\$ 974,128</u>
EXPENSES		
MBC ministry (Note 3)	\$ 737,007	\$ 652,983
Rent (Note 3)	194,782	194,782
Administration, utilities and maintenance	88,718	89,644
Widjitiwin ministry	44,719	8,671
Amortization	34,129	34,433
Interest (Note 3)	7,637	5,257
	<u>\$ 1,106,992</u>	<u>\$ 985,770</u>
DEFICIENCY OF REVENUES OVER EXPENSES	\$ (460,839)	\$ (11,642)
NET ASSETS - Beginning	<u>155,811</u>	<u>167,453</u>
NET ASSETS - Ending	<u>\$ (305,028)</u>	<u>\$ 155,811</u>

See accompanying notes

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MUSKOKA BIBLE MINISTRIES

STATEMENT OF CASH FLOWS

For the year ended December 31,

2021

2020

CASH AND CASH EQUIVALENTS WERE PROVIDED BY (USED IN):

OPERATING ACTIVITIES

Deficiency of revenues over expenses	\$ (460,839)	\$ (11,642)
Items not affecting cash:		
Amortization	34,129	34,433
Forgiven portion of the Canada Emergency Business Account	-	(10,000)
	<u>\$ (426,710)</u>	<u>\$ 12,791</u>
Net change in non-cash working capital balances:		
Accounts receivable	3,363	(3,363)
HST refundable	1,940	(509)
Prepaid expenses	2,198	9,896
Accounts payable and accrued liabilities	(527)	(3,399)
	<u>\$ (419,736)</u>	<u>\$ 15,416</u>

INVESTING ACTIVITIES

Purchase of capital assets	<u>\$ (18,119)</u>	<u>\$ (64,517)</u>
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FINANCING ACTIVITIES

Decrease (increase) in amounts due from related party	\$ 232,815	\$ 1,810
Increase (decrease) in amounts due to related parties	244,929	(2,705)
Proceeds from Canada Emergency Business Account Loan	-	40,000
Repayment of Canada Emergency Business Account Loan	(30,000)	-
	<u>\$ 447,744</u>	<u>\$ 39,105</u>

INCREASE (DECREASE) IN CASH

	\$ 9,889	\$ (9,996)
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CASH - Beginning

	<u>31,481</u>	<u>41,477</u>
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CASH - Ending

	<u>\$ 41,370</u>	<u>\$ 31,481</u>
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See accompanying notes

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MUSKOKA BIBLE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NATURE OF OPERATIONS

Muskoka Bible Ministries ("MBM") was incorporated without share capital by letters of patent under the Canada Corporations Act on July 4, 2013. On December 23, 2016, MBM amalgamated with Bible Centre Ministries ("BCM"), a related party and registered charity. At this time, MBM adopted BCM's existing registered charity status under the Income Tax Act (Canada) and as such, is exempt from income tax and is able to issue donation receipts for income tax purposes.

MBM operates in conjunction with Muskoka Bible Centre Inc. ("MBC Inc."), Muskoka Ministry Centre ("MMC"), and Muskoka Bible Foundation ("MBF").

1. SIGNIFICANT ACCOUNTING POLICIES

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

Change in Accounting Policy

Financial Instruments Originated or Exchanged in a Related Party Transaction

MBM applied the amendments to FINANCIAL INSTRUMENTS, Section 3856, relating to the recognition of financial instruments originating or exchanged in a related party transaction.

Under these new requirements, such a financial instrument is initially measured at cost, which is determined depending on whether the instrument has repayment terms.

Subsequent measurement depends on the initial method used and is usually at cost less any reduction for impairment.

The adoption of these new requirements had no impact on MBM's financial statements.

These financial statements include the following significant accounting policies:

a) 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 based on currently available information. Such estimates and assumptions affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from these estimates. Significant estimates include the estimated useful life of capital assets.

MUSKOKA BIBLE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
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1. **SIGNIFICANT ACCOUNTING POLICIES** - Continued

b) **Revenue Recognition**

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

Ministry fee revenue is recognized when events and sessions are completed. Deposits received for events and sessions in subsequent years are recorded as deferred revenue and recognized as revenue once the related events and sessions are completed. Government assistance is recognized as revenue when received and any conditions on their use have been met.

c) **Cash and Cash Equivalents**

Cash and cash equivalents includes cash held in the bank account.

e) **Capital Assets**

Capital assets are recorded at cost. Amortization is provided over the estimated useful life of the assets using the following annual rates and method:

	<u>Rate</u>	<u>Method</u>
Computer and AV equipment	20%	declining balance
Furniture and fixtures	10%	declining balance
Trailers	20%	declining balance

e) **Impairment of Capital Assets**

When a tangible capital asset no longer contributes to an organization's ability to provide goods and services, or the value of future economic benefits or service potential associated with the tangible capital asset is less than its net carrying amount, the net carrying amount of the tangible capital asset is written down to the asset's fair value or replacement cost.

MUSKOKA BIBLE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
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1. **SIGNIFICANT ACCOUNTING POLICIES** - Continued

f) **Financial Instruments**

Measurement of Financial Instruments

MBM initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value.

Financial assets and liabilities originating or exchanged in related party transactions, except for those that involve parties whose sole relationship with the organization is in the capacity of management, are initially measured at cost. The cost of a financial instrument in a related party transaction depends on whether the financial instrument has repayment terms.

MBM subsequently measures all its financial assets and liabilities at cost or amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

MBM has no financial assets measured at fair value and has not elected to carry any financial asset or liability at fair value.

Impairment

Financial assets measured at amortized cost are tested for impairment when events or circumstances indicate possible impairment. Write-downs, if any, are recognized in the excess of revenues over expenses and may be subsequently reversed to the extent that the net effect after the reversal is the same as if there had been no write-down. There are no indicators of impairment in the current year.

2. **CAPITAL ASSETS**

Capital assets consist of the following:

	<u>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer and AV equipment	\$ 99,984	\$ 62,103	\$ 37,881	\$ 44,599
Furniture and fixtures	260,393	60,913	199,480	205,069
Trailers	50,231	35,417	14,814	18,517
	<u>\$ 410,608</u>	<u>\$ 158,433</u>	<u>\$ 252,175</u>	<u>\$ 268,185</u>

MUSKOKA BIBLE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
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3. RELATED PARTY BALANCES AND TRANSACTIONS

The following related parties have engaged in transactions with MBM:

Muskoka Ministry Centre ("MMC")	Controlled by the same board of directors
Muskoka Bible Centre Inc. ("MBC Inc.")	Controlled by the same board of directors
Muskoka Bible Foundation ("MBF")	Controlled by the same board of directors

Amounts owing from (to) related parties consist of the following:

	2021	2020
Due from related party		
MBF	<u>\$ -</u>	<u>\$ 232,815</u>
Due to related parties		
MMC - Interest bearing demand loan	\$ (456,000)	\$ (296,000)
MBF	(103,007)	-
MMC	(25,283)	(22,904)
MBC Inc.	<u>(30,393)</u>	<u>(50,850)</u>
	<u>\$ (614,683)</u>	<u>\$ (369,754)</u>

With the exception of the interest bearing demand loan, all amounts due to from (to) related parties are non-interest bearing and have no specified terms of repayment.

MMC provides short-term financing to MBM in the form of an interest bearing, due on demand loan. During the year, MBM repaid \$nil and received \$160,000 in new loans resulting in an outstanding balance at December 31, 2021 of \$456,000 (2020 - \$296,000). Loans of this nature bear interest at 2%.

	2021	2020
MBM engaged with MMC in the following transactions:		
Rent expense	\$ 187,400	\$ 187,400
Interest paid on loans	7,637	5,257
MBM engaged with MBC Inc. in the following transactions:		
Administration expense included in MBC ministry	\$ 188,886	\$ 141,162
Meals and accommodation expense included in MBC ministry	59,743	32,720
Administration reimbursement included in MBC ministry	(32,586)	(72,036)

MBM engaged with MBF in the following transactions:

Contributions	\$ 531,807	\$ 825,752
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These transactions were carried out in the normal course of operations and have been measured at the exchange amount, which is the amount of consideration agreed upon by the related parties.

MUSKOKA BIBLE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
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4. GOVERNMENT ASSISTANCE

MBM received the following government assistance:

	2021	2020
Canada Emergency Wage Subsidy	\$ 22,826	\$ 126,046
Canada Summer Jobs Grant	16,750	8,730
Ontario Energy Rebate	2,790	-
Forgivable portion of CEBA loan	-	10,000
	<u>\$ 42,366</u>	<u>\$ 144,776</u>

5. FINANCIAL INSTRUMENTS

Risks and Concentrations

MBM is exposed to various risks through its financial instruments. The following analysis provides a summary of MBM's exposure to and concentrations of risk at December 31, 2021:

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. MBM is not exposed to significant credit risk. There has been no change in the assessment of credit risk from the prior year.

b) Liquidity Risk

Liquidity risk is the risk that MBM will encounter difficulty in meeting obligations associated with financial liabilities. MBM is exposed to this risk mainly with respect to its accounts payable and accrued liabilities and its amounts due to related parties. MBM manages this risk by generating sufficient cash flow from operations and by managing its working capital. There has been no change in the assessment of liquidity risk from the prior year.

c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and price risk. MBM is exposed mainly to interest rate risk as follows:

i) 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. As described in Note 3, MBM is exposed to interest rate risk with respect to its related party interest bearing demand loans. The exposure to this risk fluctuates as the balances and related interest rates change from year to year.

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6. CONTINGENCIES

MBM is contingently liable as guarantor to the operating line of credit of MMC. The operating line of credit has an available limit of \$800,000, the balance of which was \$90,219 at December 31, 2021 (2020 - \$Nil).

7. IMPACT OF COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic. In many countries, including Canada, many businesses are being forced to cease or limit operations for extended or indefinite periods. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services, have triggered significant disruptions to businesses worldwide. MBM has been active in monitoring and assessing the impact of the pandemic on operations and has taken necessary steps to reduce expenditures where appropriate. It is not possible to reliably estimate the duration and severity of these consequences as well as their potential impact on the financial position and results of operations for the MBM in future periods.

8. COMPARATIVE FIGURES

Certain of the comparative figures have been restated in order to conform with the presentation adopted in the current year.