

**ONTARIO CONFERENCE OF M.B. CHURCHES  
FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2022**

DRAFT COPY

Prepared by MM 2/15/23	Reviewed by SJE 2/16/23	Partner	Corrections
2nd review			

**ONTARIO CONFERENCE OF M.B. CHURCHES  
INDEX TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2022**

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Changes in Net Assets	5
Statement of Revenues and Expenses	6
Statement of Revenues and Expenses - Northend Church Fund ( <i>Schedule 1</i> )	7
Statement of Cash Flows	8
Notes to Financial Statements	9 - 13

DRAFT COPY

---

## INDEPENDENT AUDITOR'S REPORT

---

To the Members of Ontario Conference of M.B. Churches

### *Qualified Opinion*

We have audited the financial statements of Ontario Conference of M.B. Churches (the Conference), which comprise the statement of financial position as at December 31, 2022, and the statements of changes in net assets, revenues and expenses 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 possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Conference as at December 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO)

### *Basis for Qualified Opinion*

The Conference derives a portion of revenue from Northend Church cash donations, and in common with many charitable organizations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Conference and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets.

In common with small charities, the Conference expenses tangible capital assets when acquired. The expenses related to tangible capital assets are recorded in the statements of revenues and expenses. This accounting policy is further described in note 2.

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 Conference in accordance with 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 ASNPO, 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.

(continues)

Independent Auditor's Report to the Members of Ontario Conference of M.B. Churches (*continued*)

In preparing the financial statements, management is responsible for assessing the Conference'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 Conference or to cease operations, or has no realistic alternative but to do so.

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

(*continues*)

Independent Auditor's Report to the Members of Ontario Conference of M.B. Churches *(continued)*

St. Catharines, Ontario

**CHARTERED PROFESSIONAL ACCOUNTANTS  
PROFESSIONAL CORPORATION**

Authorized to practise public accounting by the  
Chartered Professional Accountants of Ontario

DRAFT COPY

**ONTARIO CONFERENCE OF M.B. CHURCHES**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2022**

	2022	2021
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 69,661	\$ 261,182
Harmonized sales tax recoverable	2,294	1,172
Prepaid expenses	449	473
	72,404	262,827
<b>PROPERTY</b> (Note 6)	-	439,267
<b>INVESTMENTS</b> (Note 4)	247,501	72,838
	\$ 319,905	\$ 774,932
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Note 8)	\$ 113,500	\$ 3,438
Current portion of long term debt (Note 7)	-	41,953
	113,500	45,391
<b>MORTGAGE PAYABLE</b> (Note 7)	-	286,028
	113,500	331,419
<b>NET ASSETS</b>		
<b>NET ASSETS</b>	206,405	443,513
	\$ 319,905	\$ 774,932

DRAFT COPY

**Approved on behalf of the Board**

*Michelle Knowles*

Michelle Knowles (Feb 22, 2023 19:56 EST)

Director

*Noah Grossman*

Noah Grossman (Feb 22, 2023 20:01 EST)

Director

Printed: February 16, 2023 2:47 PM

See notes to financial statements

**ONTARIO CONFERENCE OF M.B. CHURCHES**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2022**

	2021 Balance	Deficiency of revenues over expenditures	Transfers	2022 Balance
General Funds				
General operating fund - current reserve	\$ 252,550	\$ (130,560)	\$ (15,323)	\$ 106,667
General operating fund - fixed minimum	50,000	-	-	50,000
Emergency fund	25,000	-	-	25,000
Special project fund	4,677	4,738	15,323	24,738
<b>Total General Funds</b>	<b>332,227</b>	<b>(125,822)</b>	<b>-</b>	<b>206,405</b>
Northend Church Funds	111,286	-	(111,286)	-
	<b>\$ 443,513</b>	<b>\$ (125,822)</b>	<b>\$ (111,286)</b>	<b>\$ 206,405</b>

	2020 Balance	Deficiency of revenues over expenditures	Transfers	2021 Balance
General Funds				
General operating fund - current reserve	\$ 178,994	\$ 78,362	\$ (4,806)	\$ 252,550
General operating fund - fixed minimum	50,000	-	-	50,000
Emergency fund	25,254	(5,060)	4,806	25,000
Special project fund	4,677	-	-	4,677
<b>Total General Funds</b>	<b>258,925</b>	<b>73,302</b>	<b>-</b>	<b>332,227</b>
Northend Church Funds	152,862	(29,784)	(11,792)	111,286
	<b>\$ 411,787</b>	<b>\$ 43,518</b>	<b>\$ (11,792)</b>	<b>\$ 443,513</b>

See Note 3 for a description of funds, and Note 6 for Northend Church Fund transfers.

**ONTARIO CONFERENCE OF M.B. CHURCHES**  
**STATEMENT OF REVENUES AND EXPENSES**  
**YEAR ENDED DECEMBER 31, 2022**

	2022	2021
<b>REVENUES</b>		
Church commitments	\$ 445,210	\$ 430,374
Individual contributions	40,264	25,607
Pastoral and youth retreats	5,850	-
Interest from operating funds	4,663	1,009
Leader's collective fees	3,500	-
Miscellaneous income	585	4,409
Convention delegate fees	-	5,300
	<b>500,072</b>	466,699
<b>EXPENDITURES</b>		
Salaries and benefits	255,443	172,053
Support to conference agencies	163,372	139,500
Ministry and program	33,648	24,397
Fees and professional services	22,622	18,105
Church planting	18,952	21,328
Office management	9,580	9,629
Board and governance	6,175	740
Professional development	2,602	2,585
	<b>512,394</b>	388,337
<b>NET SURPLUS FROM OPERATIONS</b>	<b>(12,322)</b>	78,362
<b>OTHER EXPENSES</b>		
Severance wage expense <i>(Note 8)</i>	113,500	-
Emergency fund disbursements	-	5,060
Net surplus, Northend Church Fund <i>(Schedule 1)</i>	-	29,784
	<b>113,500</b>	34,844
<b>COMBINED NET SURPLUS</b>	<b>\$ (125,822)</b>	\$ 43,518



**ONTARIO CONFERENCE OF M.B. CHURCHES**  
**STATEMENT OF REVENUES AND EXPENSES - NORTHEND CHURCH FUND**  
(Schedule 1)  
**YEAR ENDED DECEMBER 31, 2022**

	<b>2022</b>	<b>2021</b>
<b>REVENUES</b>		
Donations	\$ 118,749	\$ 302,114
Seniors income	100	120
Youth group	10	900
Rental	-	9,732
Government grants	-	46,279
	<b>118,859</b>	<b>359,145</b>
<b>EXPENDITURES</b>		
Charitable contributions (Note 5)	<b>116,870</b>	293,282
Office management	<b>1,989</b>	4,079
Interest on long term debt	-	13,649
Salaries and benefits	-	74,217
Repairs and maintenance	-	1,871
Ministry and program	-	1,435
Utilities	-	347
Conferences	-	49
	<b>118,859</b>	<b>388,929</b>
<b>NET SURPLUS (DEFICIENCY) FROM OPERATIONS</b>	<b>\$ -</b>	<b>\$ (29,784)</b>

DRAFT COPY

**ONTARIO CONFERENCE OF M.B. CHURCHES**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2022**

	<b>2022</b>	<b>2021</b>
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenditures	<b>\$ (125,822)</b>	\$ 43,518
Changes in non-cash working capital:		
Accounts receivable	-	6,869
Harmonized sales tax recoverable	<b>(1,122)</b>	13,344
Prepaid expenses	<b>23</b>	5,307
Accounts payable and accrued liabilities	<b>110,063</b>	(5,139)
Deferred donations	-	(9,108)
Transfers to Northend Church	-	(11,792)
	<b>108,964</b>	(519)
Cash flow from (used by) operating activities	<b>(16,858)</b>	42,999
<b>INVESTING ACTIVITY</b>		
Investments	<b>(174,663)</b>	(1,009)
<b>FINANCING ACTIVITY</b>		
Repayment of long term debt	-	(40,351)
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(191,521)</b>	1,639
CASH - BEGINNING OF YEAR	<b>261,182</b>	259,543
<b>CASH - END OF YEAR</b>	<b>\$ 69,661</b>	\$ 261,182
<b>CASH CONSISTS OF:</b>		
Cash - General Funds	<b>\$ 69,661</b>	\$ 261,182
Cash - Northend Church Fund	-	-
	<b>\$ 69,661</b>	\$ 261,182

DRAFT COPY

**ONTARIO CONFERENCE OF M.B. CHURCHES**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2022**

**1. DESCRIPTION OF ORGANIZATION**

Ontario Conference of M.B. Churches (the "Conference") serves a constituency of member churches in the Province of Ontario. It provides general denominational oversight and facilitates the operation of joint initiatives and gives guidance to the separately incorporated agencies of the denomination which are operating in the province. The Conference received its Letters Patent as a non-share capital corporation from the Province of Ontario in 1932. As a registered charity under the Income Tax Act, the Conference is exempt from tax on its income.

As part of serving the constituency of churches, the Conference has taken over the operations of the new **Northend Church** (formerly Fairview M.B. Church) during the fiscal year ending December 31, 2018. These operations continued until January 13, 2021, at which time Northend Church received their charity status. See "Fund Accounting" Note 2, and Notes: 3, 6, 7, and 8 for details.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Net assets

- a) Internally restricted net assets are funds which have been designated for a specific purpose by the organization's Board of Directors.
- b) Unrestricted net assets comprise the excess of revenue over expenses accumulated by the organization each year, net of transfers, and are available for general purposes.

Designated fund exclusions

The Conference is sometimes the conduit for certain designated funds to flow through its accounts to the designated recipient. These flow through amounts are not disclosed in these financial statements, but are recorded in the ultimate recipients' financial statements.

*(continues)*

**ONTARIO CONFERENCE OF M.B. CHURCHES**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2022**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Fund accounting

Ontario Conference of M.B. Churches follows the deferral method of accounting for contributions.

Revenues and expenses related to program delivery and administrative activities are reported in the General Operating Fund.

Revenues and expenses related to program delivery and administrative activities for **Northend Church** are reported separately in their own related fund.

Restricted contributions for operations are deferred and recognized as income in the related fund once they are disbursed. Restricted contributions for the repayment of debt that was incurred to fund the purchase of a capital asset that will not be amortized is recognized as direct increases in net assets, see note 6.

Cash and cash equivalents

The Conference's policy is to present bank balances net of outstanding cheques and deposits under cash and cash equivalents.

Capital assets

Capital assets are recorded at a nominal charge. The cost of additions are charged to expenses at the time of purchase. Management has decided to not recognize capital assets and remove the expense in the statements of revenues and expenditures in accordance with ASNFPO. Changing the presentation to capitalize expenditures from operations may reduce useful information to the primary readers of these financial statements as they would now appear on the separate statement of financial position, and not against the budget.

The capital asset related to the acquisition of property was recorded and recognized due to its significant value and mortgage thereon. This property is utilized by the operations of the Northend Church, and consists of land, building, and furnishings. As the Northend Church has obtained individual charitable status, the property has been transferred to the new Church as of April 2022.

Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements. Certain larger material contributions are recognized at their fair market value.

Budget information

The budget figures presented for comparison purposes have been approved by the Board of Directors. They have not been subject to audit, review or other tests and procedures. Consequently, our opinion on these financial statements does not extend to them.

*(continues)*

**ONTARIO CONFERENCE OF M.B. CHURCHES**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2022**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

**3. DESCRIPTION OF FUNDS**

The General Operating Fund accounts for the Conference's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants. \$50,000 is allocated to a separate General Operating Fixed Minimum Fund.

An Emergency Fund of \$25,000 was created out of the Operating Fund on December 31, 2005 to support any church's pastor (or family) in the case of sudden financial curtailment.

The Special Project Fund was established to segregate any special projects outside the normal course of operations.

The **Northend Church Fund** is a new church plant fund (formerly Fairview M.B. Church) operated by the Conference. The new Northend Church registered as a charity on January 13, 2021 and began operations independently of this related fund. Remaining Northend Church Fund assets, net assets, and the statement of revenue and expenses have been disclosed separately to recognize any church activities still operated under the Conference. As at December 31, 2022, the only remaining balances within the Northend Church Fund have been transferred to Northend Church.

**4. INVESTMENTS - CANADIAN CONFERENCE**

The investment is with the Canadian Conference of Mennonite Brethren Churches earning interest at a base rate of 3.15% at year end, with an increase to 5% effective January 1, 2023. See note 8 for interest rate risk.

**5. DUE TO RELATED PARTIES**

The Conference has transactions with numerous related parties (member churches) or organizations that are funded by the Conference. These financial statements do not determine, disclose or verify external affiliate activities.

2022 charitable contributions of \$116,870 (2021 - \$293,282) are net payments of received donations to the new Northend Church registered charity.

Net transfers of \$111,286 to the Northend Church Fund Net Assets are to the Church, and include the transfer of the Church property and its related mortgage.

**ONTARIO CONFERENCE OF M.B. CHURCHES**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2022**

**6. PROPERTY**

	Cost	Accumulated amortization	<b>2022 Net book value</b>	2021 Net book value
Northend Church	\$ -	\$ -	\$ -	\$ 439,267

All Assets and Liabilities of Fairview Church were transferred to the Conference in 2019 for \$1.00 consideration, and an assumption of debt. The exchanged value of the combined property and assumed mortgage at the time of the 2019 transfer was \$439,267.

Northend Church obtained charitable status in fiscal 2021, and the legal transfer of the property and its related mortgage has been completed as of April 2022 (see note 7).

**7. MORTGAGE PAYABLE**

	<b>2022</b>	2021
CCMBC loan bearing interest at 3.9% per annum, repayable in monthly blended payments of \$4,500. and is secured by Northend Church property.	\$ -	\$ 327,981
Amounts payable within one year	-	(41,953)
	\$ -	\$ 286,028

The Northend Church property has been legally transferred to Northend Church (see note 6) and the mortgage has also been assumed by the Church.

**8. ACCRUED LIABILITIES**

During the year, the Conference terminated the employment of one employee, without cause. As such, the Conference has agreed to a severance package ending November 1, 2023, with an estimated total cost of \$113,500.

**ONTARIO CONFERENCE OF M.B. CHURCHES**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2022**

**9. FINANCIAL INSTRUMENTS**

The Conference is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Conference's risk exposure and concentration as of December 31, 2022.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Conference manages exposure through its normal operating and financing activities. The Conference is exposed to interest rate risk through its investment savings account balance.

Constituency dependency risk

As the Conference serves the member churches, it is dependent on these member churches for financial support.

DRAFT COPY







# Ontario MB 2022 FS - DRAFTS.PDF

Final Audit Report

2023-02-23

Created:	2023-02-23
By:	Noah Grossman (ngrossman@wiser.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAAS2dR0HUQOs9I9zS9GXlhSX1-svLeAENq

## "Ontario MB 2022 FS - DRAFTS.PDF" History

-  Document created by Noah Grossman (ngrossman@wiser.com)  
2023-02-23 - 0:53:23 AM GMT
-  Document emailed to board@onmb.org for signature  
2023-02-23 - 0:55:29 AM GMT
-  Email viewed by board@onmb.org  
2023-02-23 - 0:55:44 AM GMT
-  Signer board@onmb.org entered name at signing as Michelle Knowles  
2023-02-23 - 0:56:10 AM GMT
-  Document e-signed by Michelle Knowles (board@onmb.org)  
Signature Date: 2023-02-23 - 0:56:12 AM GMT - Time Source: server
-  Agreement completed.  
2023-02-23 - 0:56:12 AM GMT