



Financial Statements

Canadian Baptist Ministries

December 31, 2023

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# Independent Auditor's Report

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To the Members of  
Canadian Baptist Ministries

## Opinion

We have audited the financial statements of Canadian Baptist Ministries ("CBM"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, changes in net assets and 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 CBM as at December 31, 2023, 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 ("ASNPO").

## 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 CBM in accordance with the 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 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 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.

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

Those charged with governance are responsible for overseeing CBM'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 CBM'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 CBM'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 CBM 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.

*Grant Thornton LLP*

Mississauga, Canada  
May 9, 2024

Chartered Professional Accountants  
Licensed Public Accountants

# Canadian Baptist Ministries

## Statement of Operations

Year ended December 31

2023

2022

Revenue		
General		
General mission support	\$ 2,015,873	\$ 1,888,233
Partner grants (Note 3)	<u>316,618</u>	<u>435,940</u>
	<u>2,332,491</u>	<u>2,324,173</u>
Program		
International Partnerships		
Program revenue and other appeals	4,769,862	3,112,613
Field staff team support	1,684,914	1,384,570
Other designated	<u>428,117</u>	<u>393,878</u>
	<u>6,882,893</u>	<u>4,891,061</u>
Canadian Partnerships		
Short-term ministry projects	623,715	88,227
Program revenue	<u>35,748</u>	<u>6,854</u>
	<u>659,463</u>	<u>95,081</u>
Other		
Net investment income (loss) (Note 6(b))	666,336	(190,893)
Legacy, insurance and trust income (Note 5 and 8)	331,586	792,150
Other income	<u>3,561</u>	<u>795</u>
	<u>1,001,483</u>	<u>602,052</u>
	<u>10,876,330</u>	<u>7,912,367</u>
Expenses		
Program		
International Partnerships	7,311,432	5,503,481
Canadian Partnerships	<u>2,072,279</u>	<u>1,207,581</u>
	<u>9,383,711</u>	<u>6,711,062</u>
Support services		
Administration	651,485	626,886
Fund development	250,609	249,715
Member care	<u>176,235</u>	<u>159,558</u>
	<u>1,078,329</u>	<u>1,036,159</u>
	<u>10,462,040</u>	<u>7,747,221</u>
Excess of revenue over expenses	<u>\$ 414,290</u>	<u>\$ 165,146</u>

See accompanying notes to the financial statements.

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## Canadian Baptist Ministries

### Statement of Changes in Net Assets

Year ended December 31

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	<u>Unrestricted</u>	<u>Endowments</u>	<u>2023 Total</u>	<u>2022 Total</u>
Net assets, beginning of year	\$ 4,847,569	\$ 3,375,787	<b>\$ 8,223,356</b>	\$ 8,105,208
Excess of revenue over expenses	414,290	-	<b>414,290</b>	165,146
Investment income capitalized (withdrawn) (Note 6(b))	-	23,630	<b>23,630</b>	(313,598)
Remeasurement of post-employment benefits (Note 10)	<u>(49,300)</u>	<u>-</u>	<u><b>(49,300)</b></u>	<u>266,600</u>
Net assets, end of year	<u>\$ 5,212,559</u>	<u>\$ 3,399,417</u>	<u><b>\$ 8,611,976</b></u>	<u>\$ 8,223,356</u>

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# Canadian Baptist Ministries

## Statement of Financial Position

December 31

2023

2022

### Assets

#### Current

Cash	\$ 659,842	\$ 1,717,484
Accounts receivable (Note 4)	1,131,616	1,061,265
Prepaid expenses	<u>132,105</u>	<u>151,833</u>
	<b>1,923,563</b>	2,930,582
Investments (Note 6(a))	<b>13,062,259</b>	13,889,331
Accounts receivable (Note 4)	147,939	15,892
Capital assets (Note 7)	<b>682,445</b>	558,895
Cash surrender value of life insurance policy (Note 8)	<u>714,433</u>	<u>714,405</u>
	<b><u>\$ 16,530,639</u></b>	<b><u>\$ 18,109,105</u></b>

### Liabilities

#### Current

Accounts payable and accrued liabilities	\$ 449,795	\$ 637,492
Deferred operating contributions (Note 9)	<u>5,854,949</u>	<u>7,666,173</u>
	<b>6,304,744</b>	8,303,665
Accrued post-employment benefit liability (Note 10)	<b>1,012,300</b>	983,000
Other long-term liabilities (Note 11)	<u>601,619</u>	<u>599,084</u>
	<b><u>7,918,663</u></b>	<b><u>9,885,749</u></b>
<b>Net assets</b>		
Unrestricted	<b>5,212,559</b>	4,847,569
Endowments (Note 12)	<u>3,399,417</u>	<u>3,375,787</u>
	<b><u>8,611,976</u></b>	<b><u>8,223,356</u></b>
	<b><u>\$ 16,530,639</u></b>	<b><u>\$ 18,109,105</u></b>

On behalf of the Board of Directors

Approved by the CBM Board of Directors on May 9, 2024

Jordan Webber, President

Guy Pierre-Canel, Treasurer

# Canadian Baptist Ministries

## Statement of Cash Flows

Year ended December 31

2023

2022

Increase (decrease) in cash

### Operating activities

Excess of revenue over expenses	\$ 414,290	\$ 165,146
Items not affecting cash		
Amortization of capital assets	112,919	125,592
Gain on disposal of capital assets	12,928	-
(Income reinvested) investment loss	(666,336)	190,893
Increase in cash surrender value of life insurance policy	(28)	(26)
Post-employment benefit expense	<u>(76,100)</u>	<u>(92,700)</u>
	<b>(202,327)</b>	388,905
Changes in non-cash operating items		
Accounts receivable	(202,398)	656,115
Prepaid expenses	19,728	(79,264)
Accounts payable and accrued liabilities	(187,697)	(119)
Deferred operating contributions	(1,811,224)	878,957
Accrued post-employment benefit liability	56,100	50,400
Other long-term liabilities	<u>2,535</u>	<u>(33,636)</u>
	<b>(2,325,283)</b>	<u>1,861,358</u>

### Investing activities

Purchase of capital assets	(256,893)	(44,709)
Proceeds on disposal of capital assets	7,496	-
Net proceeds on sale (purchase) of investments	<u>1,517,038</u>	<u>(1,086,048)</u>
	<b>1,267,641</b>	<u>(1,130,757)</u>

(Decrease) increase in cash during the year

**(1,057,642)** 730,601

Cash

Beginning of year	<u>1,717,484</u>	<u>986,883</u>
End of year	<b>\$ 659,842</b>	<b>\$ 1,717,484</b>



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# Canadian Baptist Ministries

## Notes to the Financial Statements

December 31, 2023

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### 1. Purpose of organization

Canadian Baptist Ministries (“CBM”) is incorporated without share capital under the Canada Not-for-profit Corporations Act. Its mission is to unite, encourage and enable Canadian Baptist churches in their national and international endeavours to fulfill the commission of our Lord Jesus Christ, in the power of the Holy Spirit, proclaiming the gospel and showing the love of God to all peoples.

CBM is a charitable organization registered under the Income Tax Act (Canada) and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes.

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### 2. Summary of significant accounting policies

#### Basis of accounting

The financial statements are prepared in accordance with Part III of the CPA Canada Handbook, which sets out generally accepted accounting principles for not-for-profit organizations (“ASNPO”) in Canada and includes the significant accounting policies set out below.

#### Revenue recognition

CBM follows the deferral method of accounting for contributions, which include grants, bequests and other donations.

Unrestricted grants and bequests are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted contributions or other donations are recorded when received or receivable if legally enforceable and subject to reasonable estimation.

Externally restricted contributions, except endowment contributions, are recorded as deferred operating contributions when received and recognized as revenue in the year in which the related expenses are incurred. Externally restricted endowment contributions are recognized as direct increases in net assets when initially received.

Revenue from trusts is recognized at the time the trust funds pass to CBM.

Investment income, which consists of interest, dividends, realized and unrealized gains and losses, is recorded as investment income in the statement of operations, except to the extent it is externally restricted, in which case, in accordance with the restrictions, it may be recorded in the statement of operations, added to or deducted from the related deferred operating contributions balance or the related endowment balance.

#### Cash

Cash comprises cash held in CBM’s bank accounts as well as by advanced to field staff. Cash held for investment rather than liquidity purposes is grouped with investments.

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# Canadian Baptist Ministries

## Notes to the Financial Statements

December 31, 2023

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### 2. Summary of significant accounting policies (continued)

#### Financial instruments

Financial instruments include cash, accounts receivable, investments, cash surrender value of life insurance policy, accounts payable, and trusts and note payable included in other long-term liabilities.

##### *Initial measurement of arm's length financial instruments*

All financial instruments from arm's length transactions are initially measured at fair value.

##### *Subsequent measurement of arm's length financial instruments*

Investments are recorded at fair value. Transactions are recorded on a trade date basis and transaction costs are expensed as incurred.

Cash surrender value of life insurance policy is measured at fair value. Changes in fair value are recognized in excess of revenue over expenses.

Trusts and note payable are measured at cost as amortized cost is not determinable due to the undefined repayment period of the obligations. All other financial instruments are measured at amortized cost, net of any provision for impairment in the case of financial assets.

##### *Financial instruments from related party transactions*

Financial assets and liabilities in related party transactions are initially measured at cost. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows of the instrument less any impairment losses recognized by the transferor. When the financial instrument does not have repayment terms, the cost of the instrument is initially measured at the exchange or carrying amount of the consideration transferred.

Financial assets and liabilities obtained in related party transactions are subsequently measured at cost.

##### *Impairment*

Financial assets measured at cost or amortized cost are regularly assessed for indicators of impairment. If there is an indication of impairment, CBM determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset, and recognizes an impairment loss if the carrying value of the financial asset is greater than the higher of the present value of the expected future cash flows, the amount that could be realized from selling the financial asset or the amount CBM expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement does not exceed the initial carrying value.

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# Canadian Baptist Ministries

## Notes to the Financial Statements

December 31, 2023

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### 2. Summary of significant accounting policies (continued)

#### Capital assets

Purchased capital assets are recorded at cost. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

#### Tangible

Buildings	40 years
Building improvements	20 years
Furniture and equipment	5 years
Computers	5 years
Vehicles	5 years

#### Intangible

Software and website	5 years
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Amortization is charged from the date when the asset is put into use.

Capital assets are tested for impairment when events or changes in circumstances indicate that an asset might be impaired. The assets are tested for impairment by comparing their net carrying value to their fair value or replacement cost. If the asset's fair value or replacement cost is determined to be less than its net carrying value, the resulting impairment is reported in the statement of operations. Any impairment recognized is not reversed.

#### Net assets restricted for endowment purposes

Endowments are externally restricted funds which must be permanently maintained. Effective January 1, 2004, the Board approved an Investment Rate Policy designed to protect the real value of net assets restricted for endowment purposes by limiting the amount made available for spending, and requiring any income earned during the year in excess of the amount made available for spending to be added directly to the balance of net assets restricted for endowment purposes, net of an administration fee of 0.5% (2022 - 0.5%). In any particular year, should net investment income be insufficient to fund the amount to be made available for spending, or the return on investments results in a loss, the amount that is to be made available for spending is to be deducted from the endowment net assets. For 2023, the rate was 5.0% (2022 - 5.0%).

#### Foreign currency translation

Transactions denominated foreign currencies are translated into Canadian dollars at average monthly rates. The market value of investments and other monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at the date of the statement of financial position. Non-monetary assets and liabilities are translated at historical exchange rates. Exchange gains and losses are included in the statement of operations, except to the extent that they relate to investments, in which case they are accounted for consistent with investment income.

#### Contributed materials and services

Contributions of materials and services are recognized when a fair value can be reasonably estimated and when the materials and services are used in the normal course of operations and would otherwise have been purchased.

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# Canadian Baptist Ministries

## Notes to the Financial Statements

December 31, 2023

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### 2. Summary of significant accounting policies (continued)

#### Contributed materials and services (continued)

Volunteers contribute a significant number of hours each year to assist CBM in carrying out its mission. Because of the difficulty in determining their fair value, contributed materials and services are not recognized in the financial statements.

#### Employee future benefits

##### Pension Plan

CBM participates in a multi-employer defined contribution pension plan that covers substantially all of its employees. As required under ASNPO, contributions are expensed on an accrual basis.

##### Non-pension post-retirement benefits

CBM maintains a non-pension post-retirement defined benefit plan. The accrued benefit obligation is calculated using the projected benefit method pro-rated on service and management's best estimate assumptions. CBM accrues its post-retirement benefit obligations as employees render services. The cost of non-pension post-retirement benefits earned by employees is actuarially determined. The accrued benefit obligation is determined using a roll-forward technique to estimate the accrued liabilities from the most recent actuarial valuation report that is prepared at least every three years. Current service and finance costs are expensed in the statement of operations each period. Re-measurements and other items for the period, which include actuarial gains and losses, and gains and losses arising from any settlements and curtailments are recognized as direct increases or decreases in net assets. CBM closed certain post retirement plans to future members in 2015 limiting future costs and obligations. Future retiree benefits for those employees who retire from CBM are member paid so that CBM's obligation is limited to providing plan options.

#### Allocation of expenses

The costs of each function include the costs of personnel and other expenses that are directly related to the function. Overhead expenses are allocated to project costs equal to 15% (2022 - 15%) of certain direct program expenses. This allocation is included in the costs for each project. These allocated expenses are recorded, together with the direct costs, in program expenses in the statement of operations. The details of the allocation are disclosed in Note 14.

#### Use of estimates

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Balances which require some degree of estimation are investments, cash surrender value of life insurance policy, capital assets (amortization), accrued liabilities, employee future benefits, and allocated expenses.

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# Canadian Baptist Ministries

## Notes to the Financial Statements

December 31, 2023

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### 3. Partner grants

Partner grants consist of the following:

	<u>2023</u>	<u>2022</u>
Canadian Baptists of Western Canada	\$ 101,558	\$ 95,108
Atlantic Baptist Women	76,500	131,832
Canadian Baptists of Ontario and Quebec	64,560	60,000
Canadian Baptists of Atlantic Canada	50,000	125,000
Union D'Églises Baptistes Francophones du Canada/French Baptist Union	<u>24,000</u>	<u>24,000</u>
	<u>\$ 316,618</u>	<u>\$ 435,940</u>

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### 4. Accounts receivable

Accounts receivable consist of the following:

	<u>2023</u>	<u>2022</u>
Constituency support	\$ 780,703	\$ 769,344
Canadian Baptist Pension Plan	42,664	169,793
Other	<u>456,188</u>	<u>138,020</u>
	1,279,555	1,077,157
Less current portion	<u>(1,131,616)</u>	<u>(1,061,265)</u>
Long-term portion	<u>\$ 147,939</u>	<u>\$ 15,892</u>

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### 5. Income beneficiary

CBM is the income beneficiary of an externally administered trust with a market value as at December 31, 2023 of \$239,542 (2022 - \$236,954). During the year, \$7,124 (2022 - \$6,234) was recorded as revenue from this trust.

# Canadian Baptist Ministries

## Notes to the Financial Statements

December 31, 2023

### 6. Investments

(a) Investments consist of the following:

	<u>2023</u>		<u>2022</u>	
Cash	\$ 1,624,090	12.4%	\$ 1,847,927	13.3%
Fixed income	4,778,190	36.6%	4,635,401	33.4%
Canadian equities	1,688,574	12.9%	1,959,109	14.1%
International equities	<u>4,971,405</u>	<u>38.1%</u>	<u>5,446,894</u>	<u>39.2%</u>
	<u>\$ 13,062,259</u>	<u>100.0%</u>	<u>\$ 13,889,331</u>	<u>100.0%</u>

Fixed income investments have a weighted average term to maturity of 1.93 years (2022 - 1.13 years) and a weighted average yield to maturity of 4.60% (2022 – 5.26%) based on market value.

(b) Investment income (loss) includes the following:

	<u>2023</u>	<u>2022</u>
Net realized/unrealized gain (loss)	\$ 724,472	\$ (492,432)
Dividend income	216,353	209,283
Interest income	<u>12,921</u>	<u>6,746</u>
	<u>\$ 953,746</u>	<u>\$ (276,403)</u>

Net investment income recorded in the statement of operations is calculated as follows:

	<u>2023</u>	<u>2022</u>
Total investment income (loss)	\$ 953,746	\$ (276,403)
Management fees	<u>(130,660)</u>	<u>(121,797)</u>
Investment income (loss), net of management fees	<u>823,086</u>	<u>(398,200)</u>
Less (add)		
Income from endowments available for spending recorded as deferred contributions (Note 12)	126,865	136,207
Income capitalized (withdrawn) related to endowments	23,630	(313,598)
Income allocated to		
Deferred contributions related to operating funds (Note 9)	1,620	1,620
Other deferred contributions (Note 11)	2,535	(33,636)
Revocable and irrevocable trusts (Note 11)	<u>2,100</u>	<u>2,100</u>
	<u>156,750</u>	<u>(207,307)</u>
Net investment income (loss) recorded in the statement of operations	<u>\$ 666,336</u>	<u>\$ (190,893)</u>

# Canadian Baptist Ministries

## Notes to the Financial Statements

December 31, 2023

### 7. Capital assets

	Cost	Accumulated Amortization	<u>2023</u> <u>Net Book</u> <u>Value</u>	<u>2022</u> <u>Net Book</u> <u>Value</u>
<b>Canada</b>				
<b><i>Tangible</i></b>				
Land	\$ 193,415	\$ -	\$ 193,415	\$ 193,415
Buildings	792,341	594,951	197,390	217,197
Building improvements	76,529	10,490	66,039	62,165
Furniture and equipment	26,998	20,005	6,993	10,037
Computers	226,436	186,172	40,264	47,937
Vehicles	10,444	10,444	-	-
<b><i>Intangible</i></b>				
Software and website	863,194	711,089	152,105	15,333
	<u>2,189,357</u>	<u>1,533,151</u>	<u>656,206</u>	<u>546,084</u>
<b>Overseas</b>				
Furniture and equipment	7,297	7,297	-	-
Vehicles	274,947	248,708	26,239	12,811
	<u>282,244</u>	<u>256,005</u>	<u>26,239</u>	<u>12,811</u>
	<u>\$ 2,471,601</u>	<u>\$ 1,789,156</u>	<u>\$ 682,445</u>	<u>\$ 558,895</u>

During the year, CBM disposed of fully amortized assets totalling \$21,732 (2022 - \$12,698).

### 8. Cash surrender value of life insurance policies

CBM is the named beneficiary for various life insurance policies. In 2021, CBM became the owner of a donated life insurance policy with a cash surrender value. The life insurance policy is irrevocable. CBM measures the asset and revenue based on the insurance policies' cash surrender value. Tax receipts are recorded at either the premium amount paid on the policies or the actuarial value at the time the policy is donated. CBM records the value as other income with an adjustment recorded to revenue to bring the asset value to the cash surrender value.

	<u>2023</u>	<u>2022</u>
Cash surrender value - beginning of year	\$ 714,405	\$ 714,379
Change in cash surrender value of policy realized	<u>28</u>	<u>26</u>
Cash surrender value - end of year	<u>\$ 714,433</u>	<u>\$ 714,405</u>

The change in cash surrender value is included in the statement of operations. CBM is the owner and sole beneficiary of the policy, which has an insured value of \$2,000,000. Premiums from this policy are paid from the policy and recorded as a change in the net change in the cash surrender value.

# Canadian Baptist Ministries

## Notes to the Financial Statements

December 31, 2023

### 9. Deferred operating contributions

Deferred operating contributions represent restricted operating funds that are related to subsequent years. The primary categories of deferred operating contributions are as follows:

	Balances, January 1, 2023	Contributions received	Contributions recognized as revenue	Balances, December 31, 2023
International partnership	\$ 6,830,608	\$ 686,615	\$ (2,478,692)	\$ 5,038,531
Canadian partnership	367,143	-	(70,962)	296,181
Other	<u>468,422</u>	<u>95,494</u>	<u>(43,679)</u>	<u>520,237</u>
	<u>\$ 7,666,173</u>	<u>\$ 782,109</u>	<u>\$ (2,593,333)</u>	<u>\$ 5,854,949</u>

### 10. Employee future benefits

#### (a) Pension Plan

CBM participates in a multi-employer defined contribution pension plan that covers substantially all of its employees. During the year, CBM made contributions of \$149,704 (2022 - \$143,442).

#### (b) Non-pension post-retirement benefits

CBM's non-pension post-retirement defined benefit plans comprise life annuities, life insurance and medical/dental coverage for certain groups of employees who have retired from CBM. These financial statements include the accrued benefit obligation and current year's expense related to providing these benefits.

The liabilities of the plans are measured each year as at December 31. The most recent actuarial valuation for the other post-employment benefits plan and for the life annuities plan was at December 31, 2021.

The cost of these benefits is recognized on an accrual basis under CPA Canada Handbook - Accounting Section 3463. The defined benefit obligation relating to the post-retirement benefit plan as at December 31 is as follows:

	<u>2023</u>	<u>2022</u>
<b>Other post-employment benefits plan:</b>		
Fair value of plan assets	\$ -	\$ -
Deferred benefit obligation	<u>(991,400)</u>	<u>(961,600)</u>
Plan deficit	<u>\$ (991,400)</u>	<u>\$ (961,600)</u>
Re-measurement and other items loss (gain)	<u>\$ 48,200</u>	<u>\$ (263,900)</u>
Benefits paid	<u>\$ 73,500</u>	<u>\$ 90,100</u>
Benefit expense	<u>\$ 55,100</u>	<u>\$ 49,800</u>



# Canadian Baptist Ministries

## Notes to the Financial Statements

December 31, 2023

### 10. Employee future benefits (continued)

	<u>2023</u>	<u>2022</u>
<b>Life annuities plan:</b>		
Fair value of plan assets	\$ -	\$ -
Deferred benefit obligation	<u>(20,900)</u>	<u>(21,400)</u>
Plan deficit	<u>\$ (20,900)</u>	<u>\$ (21,400)</u>
Re-measurement and other items loss (gain)	<u>\$ 1,100</u>	<u>\$ (2,700)</u>
Benefits paid	<u>\$ 2,600</u>	<u>\$ 2,600</u>
Benefit expense	<u>\$ 1,000</u>	<u>\$ 600</u>
Total deferred benefit obligation	<u>\$ (1,012,300)</u>	<u>\$ (983,000)</u>
Total re-measurement and other items loss (gain)	<u>\$ 49,300</u>	<u>\$ (266,600)</u>

### 11. Other long-term liabilities

	<u>2023</u>	<u>2022</u>
Deferred legacy contributions	\$ 364,619	\$ 362,084
Revocable trusts	130,000	130,000
Irrevocable trusts	87,000	87,000
Note payable	<u>20,000</u>	<u>20,000</u>
	<u>\$ 601,619</u>	<u>\$ 599,084</u>

Deferred legacy contributions represent the principal amount of a legacy, the principal and interest of which are available to fund students studying for ministry in Canadian Baptist churches. The principal amount has been classified as long-term since the Board of Directors (the "Board") has determined that the capital and the Investment Rate Policy (Note 12) will be applied. In 2023, the balance was increased in accordance with this policy by \$2,535 (2022 - \$33,636), representing an decrease in the investment income made available for spending and administration (Note 6(b)).

The revocable trusts are forgivable upon the death of the donor; therefore, there are no fixed terms of repayment. Interest is paid at the rate determined by the donor to a maximum of the five-year GIC rate less 0.5%. The irrevocable trusts are trusts that are the property of CBM with interest paid to a maximum of the five-year GIC rate less 0.5% during the life of the donor.

The note payable is non-interest bearing and forgivable upon the death of the donor; therefore, there are no fixed terms of repayment.

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# Canadian Baptist Ministries

## Notes to the Financial Statements

December 31, 2023

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### 12. Net assets restricted for endowment purposes

In 2023, CBM incurred an investment gain of \$953,746 (2022 - loss of \$276,403), of which \$211,124 (2022 - loss of \$112,677) impacted the net assets restricted for endowment purposes. The difference between this amount and the amount made available for spending of \$170,836 (2022 - \$184,263) calculated in accordance with the Investment Rate Policy, plus the \$16,658 (2022 - \$16,658) administrative fee totals \$23,630 (2022 - \$313,598) that increased the net assets restricted for endowment purposes.

Of the amounts made available for spending and administration (noted above and which total \$187,494 (2022 - \$200,921)), \$126,865 (2022 - \$136,207) was recorded as an increase in deferred contributions and \$60,629 (2022 - \$64,713) was included as investment income (Note 6(b)).

As at December 31, 2023, the total contributions externally restricted for endowment purposes is \$3,331,544 (2022 - \$3,331,544) and capitalized interest on endowments is \$67,873 (2022 - \$44,243).

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### 13. Canadian Foodgrains Bank

CBM is a founding member of the Canadian Foodgrains Bank, a federally incorporated non-profit charity for the purpose of Christian-based aid and development that collects donations of grain, cash and other agricultural commodities for distribution to the world's hungry. It enables Canadian Baptists to respond quickly and effectively to food shortages around the world.

Every year, amounts may be transferred from donations to the CBM account at the Canadian Foodgrains Bank. During the year ended December 31, 2023, \$555,000 (2022 - \$250,000) was transferred. Global Affairs Canada ("GAC") contributes toward some of these projects. CBM's participation is made up of direct projects with its overseas partners or through participating in the financing of a project with another Canadian Foodgrains Bank partner. When CBM participates with another Canadian Foodgrains Bank partner, the grant from GAC is reflected in the lead partner's account.

Audited financial statements of the Canadian Foodgrains Bank for the year ended March 31, 2023 indicate that direct donations of cash and grain attributed to CBM amounted to \$559,848 (2022 - \$302,575). GAC grants attributed to CBM amounted to \$550,226 (2022 - \$716,677). Of the total shipments for the year of \$81,253,875 (2022 - \$56,766,116), the amount attributed to CBM was \$861,783 (2022 - \$995,844).

The Canadian Foodgrains Bank internally restricted the net amount contributed and credited to CBM. The amount set aside in the name of CBM was \$1,737,703 (2022 - \$1,347,257).

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### 14. Allocation of expenses

Support services expenses allocated as program expenses for the year totalled \$850,469 (2022 - \$619,818).

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# Canadian Baptist Ministries

## Notes to the Financial Statements

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### 15. Line of credit

As at December 31, 2023, CBM has an unused secured line of credit of \$500,000 (2022 - \$500,000) bearing interest at the bank's prime rate plus 1%.

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### 16. Financial instruments

CBM is exposed to various financial risks through transactions in financial instruments.

#### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. CBM is exposed to foreign currency risk with respect to its cash and investments denominated in foreign currencies.

#### Credit risk

Credit risk arises as a result of the potential non-performance by counterparties of contract obligations which could lead to a financial loss to CBM. CBM's credit risk relates to its accounts receivable and fixed income investments. At December 31, 2023, the allowance for doubtful accounts receivable determined by management was \$Nil (2022 - \$Nil).

#### Interest rate risk

Interest rate risk is the risk that the fair value of or future cash flows from a financial instrument will fluctuate because of market changes in interest rates. CBM is exposed to interest rate risk with respect to its investments in fixed income securities.

#### Liquidity risk

Liquidity risk is the risk that CBM will encounter difficulty meeting its obligations. CBM meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash. CBM's credit risk relates to its accounts payable, trusts and note payable.

#### Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. CBM is exposed to other price risk through its investments quoted in an active market.

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### 17. Comparative figures

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2023 financial statements.