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**MUSKOKA BIBLE FOUNDATION**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

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## INDEPENDENT AUDITORS' REPORT

To the Directors of  
Muskoka Bible Foundation  
HUNTSVILLE  
Ontario

### *Report on the Financial Statements*

We have audited the accompanying financial statements of Muskoka Bible Foundation which comprise the statement of financial position as at December 31, 2016 and the statements of operations and changes in net assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, these financial statements present fairly, in all material respects, the financial position of Muskoka Bible Foundation as at December 31, 2016 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.



NORTON McMULLEN LLP  
Chartered Professional Accountants, Licensed Public Accountants

MARKHAM, Canada  
March 30, 2017

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**MUSKOKA BIBLE FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**

As at December 31,

2016

2015

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**ASSETS**

**Current**

Cash	\$ 257,327	\$ 211,043
Due from related parties (Note 2)	251,421	5,281
HST refundable	<u>1,684</u>	<u>836</u>
	<u>\$ 510,432</u>	<u>\$ 217,160</u>

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**LIABILITIES**

**Current**

Accounts payable and accrued liabilities	\$ 3,500	\$ 3,500
Due to related parties (Note 2)	<u>293,272</u>	<u>-</u>
	<u>\$ 296,772</u>	<u>\$ 3,500</u>

**NET ASSETS**

	<u>213,660</u>	<u>213,660</u>
	<u>\$ 510,432</u>	<u>\$ 217,160</u>

**Contingencies (Note 4)**

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Approved by the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

See accompanying notes

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# MUSKOKA BIBLE FOUNDATION

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSTS

For the year ended December 31,

2016

2015

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### REVENUES

Donations	\$ 952,753	\$ 908,967
Interest income	2,316	-
	<u>\$ 955,069</u>	<u>\$ 908,967</u>

### EXPENSES

Donations	\$ 916,441	\$ 674,249
Administration	34,990	22,168
Professional fees	3,638	4,638
	<u>\$ 955,069</u>	<u>\$ 701,055</u>

### EXCESS OF REVENUES OVER EXPENSES

\$ - \$ 207,912

### NET ASSETS - Beginning

213,660 5,748

### NET ASSETS - Ending

\$ 213,660 \$ 213,660

See accompanying notes

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# MUSKOKA BIBLE FOUNDATION

## STATEMENT OF CASH FLOWS

For the year ended December 31,

2016

2015

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

#### OPERATING ACTIVITIES

Excess of revenues over expenses	\$ -	\$ 207,912
Net change in non-cash working capital balances:		
HST receivable	(848)	(25)
Accounts payable and accrued liabilities	-	1,000
	<u>\$ (848)</u>	<u>\$ 208,887</u>

#### FINANCING ACTIVITIES

Due from related party	\$ (246,140)	\$ (5,281)
Due to related party	<u>293,272</u>	<u>(12,617)</u>
	<u>\$ 47,132</u>	<u>\$ (17,898)</u>

#### INCREASE IN CASH

\$ 46,284 \$ 190,989

#### CASH - Beginning

211,043 20,054

#### CASH - Ending

\$ 257,327 \$ 211,043

See accompanying notes

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# MUSKOKA BIBLE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

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### NATURE OF OPERATIONS

Muskoka Bible Foundation ("MBF") was incorporated without share capital by letters of patent under the Canada Corporations Act on June 19, 2007. MBF is a registered charity 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.

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

### 1. SIGNIFICANT ACCOUNTING POLICIES

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

#### b) Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in the bank account.

#### c) Revenue Recognition

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

Interest income is recognized as revenue when earned.

#### d) Contributed Services

Volunteer services contributed to MBF in carrying out its operating activities are not recognized in these financial statements due to the difficulty in determining their fair value.

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**MUSKOKA BIBLE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

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1. **SIGNIFICANT ACCOUNTING POLICIES** - Continued

e) **Financial Instruments**

**Measurement of Financial Instruments**

MBF initially measures all of its financial assets and liabilities at fair value and subsequently measures all of its financial assets and liabilities at amortized cost, except for balances with related parties, which are measured at carrying value.

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

MBF 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.

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**MUSKOKA BIBLE FOUNDATION**  
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**2. RELATED PARTY BALANCES AND TRANSACTIONS**

The following related parties have engaged in transactions with MBF:

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 Ministries ("MBM")	Controlled by the same board of directors

Amounts owing from related parties are non-interest bearing and have no specified terms of repayment unless otherwise noted and consist of the following:

	2016	2015
Due from related parties		
MMC	\$ 1,421	\$ 3,100
MMC - Interest bearing demand loan	250,000	-
MBC Inc.	-	1,074
MBM	-	1,107
	<u>\$ 251,421</u>	<u>\$ 5,281</u>

Amounts owing to related parties consist of the following:

Due to related parties		
MBM	\$ 293,213	\$ -
MBC Inc.	59	-
	<u>\$ 293,272</u>	<u>\$ -</u>

During the year MBF provided short-term financing to MMC in the form of an interest bearing, due on demand loan in the amount of \$250,000. Loans of this nature bear interest at 1%. The balance outstanding as at December 31, 2016 was \$250,000 (2015 - \$nil).

During the year MBF provided short-term financing to MBC Inc. in the form of an interest bearing, due on demand loan in the amount of \$130,000. Loans of this nature bear interest at 1%. The balance outstanding as at December 31, 2016 was \$nil (2015 - \$nil).

MBF engaged with related parties in the following transactions:

	2016	2015
Interest charged to MBC Inc.	\$ (894)	\$ -
Interest charged to MMC	(1,422)	-
Donations to MBM	\$ 916,441	\$ 674,249
Administration charges from MBC Inc.	14,100	14,100

These transactions were 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.

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# MUSKOKA BIBLE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

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### 3. FINANCIAL INSTRUMENTS

#### Risks and Concentrations

MBF is exposed to various risks through its financial instruments. The following analysis provides a summary of MBF's exposure to and concentrations of risk at December 31, 2016:

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. MBF is not significantly exposed to 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 MBF will encounter difficulty in meeting obligations associated with financial liabilities. MBF is exposed to this risk mainly with respect to its accounts payable and accrued liabilities. MBF 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. MBF is not significantly exposed to any of these risks. There has been no change in the assessment of market risk from the prior year.

### 4. CONTINGENCIES

MBF is contingently liable as guarantor to the operating line of credit of MMC. The operating line of credit has an available limit of \$400,000, the balance of which was \$nil at December 31, 2016 (2015 - \$95,612).