Grant Thornton

Financial Statements

Association of Bayside Camp and Retreat Centre

December 31, 2022

Contents

GrantThornton

Grant Thornton LLP
Nova Centre, North Tower
Suite 1000, 1675 Grafton Street
Halifax, NS
B3J 0E9

T (902) 421-1734
F (902) 420-1068
www.GrantThornton.ca

Independent Practitioner's Review Engagement Report

To the Members and Directors of
Association of Bayside Camp and Retreat Centre

We have reviewed the accompanying financial statements of the Association of Bayside Camp and Retreat Centre that comprise the combined statement of financial position as at December 31, 2022 and the statements of operations, changes in net assets and combined 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.

Practitioner's responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the combined financial position of the Association of Bayside Camp and Retreat Centre as at December 31, 2022, and the results of its operations and its combined cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Emphasis of matter

Without qualifying our conclusion, we draw attention to Note 2 in the financial statements which describes matters related to economic dependence on certain entities which, if any entity withdraws their support, the result would be a material impact on the sustainability of the Association's operations.

Grant Thornton LLP

Halifax, Canada
April 11, 2023

Chartered Professional Accountants

Audit • Tax • Advisory
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Association of Bayside Camp and Retreat Centre
Statements of Operations and Changes in Net Assets

Year ended December 31,			**2022**	2021
	Operating	Capital Assets	**Total**	Total
Revenue (Note 11)	$ 505.789	$ 54,072	**$ 559,861**	$ 333,808
Expenses				
Bank and service charges	7,159	-	**7,159**	4,955
Depreciation	-	106,055	**106,055**	110,422
Dues and fees	784	-	**784**	481
Guest speakers	2,000	-	**2,000**	-
Insurance	26,897	-	**26,897**	24,120
Merchandise	10,267	-	**10,267**	4,654
Missions	1,200	-	**1,200**	750
Office and miscellaneous	11,818	-	**11,818**	8,671
Professional fees	10,372	-	**10,372**	13,677
Program costs	124,569	-	**124,569**	44,606
Property tax	2,158	-	**2,158**	2,243
Publications, advertising and promotion	6,768	-	**6,768**	277
Repairs and maintenance	62,210	-	**62,210**	31,163
Salaries and benefits	185,119	-	**185,119**	136,229
Travel	998	-	**998**	-
Utilities	45,813	-	**45,813**	39,641
	498,132	106,055	**604,187**	421,889
Excess (deficiency) of revenue over expenses from camp operations	7,657	(51,983)	**(44,326)**	(88,081)
Government assistance (Note 9)	6,826	-	**6,826**	57,013
Gain on sale of vehicle	-	1,535	**1,535**	-
Interest on loans	-	(5,682)	**(5,682)**	(5,851)
(Deficiency) excess of revenue over expenses	$ 14,483	$ (56,130)	**$ (41,647)**	$ (36,919)
Net assets, beginning of year	$ 228,977	$ 522,929	$ **751,906**	$ 788,825
(Deficiency) excess of revenue over expenses	14,483	(56,130)	**(41,647)**	(36,919)
Net assets, end of year	$ 243,460	$ 466,799	**$ 710,259**	$ 751,906

See accompanying notes to the financial statements.

Association of Bayside Camp and Retreat Centre
Combined Statements of Financial Position

December 31,	2022	2021
Assets		
Current		
Cash and cash equivalents		
Unrestricted	**$ 75,095**	$ 130,519
Restricted (Note 4)	**24,330**	13,240
Receivables – government assistance	**-**	5,799
Harmonized sales tax receivable	**7,205**	-
Restricted portfolio investments (Note 4)	**2,158**	-
	108,788	149,558
Capital assets (Note 6)	**2,983,161**	3,026,798
	$ 3,091,949	$ 3,176,356
Liabilities		
Current		
Payables and accruals - trade	**$ 15,618**	$ 10,398
Government remittances payable	**3,114**	1,262
Harmonized sales tax payable	**-**	942
Interest accruals	**444,486**	442,110
Loans payable (Note 7)	**1,777,632**	1,815,614
Current portion of long term debt (Note 8)	**12,489**	13,040
	2,253,339	2,283,366
Long term debt (Note 8)	**128,351**	141,084
	2,381,690	2,424,450
Net assets		
Operating	**243,460**	228,977
Capital assets	**466,799**	522,929
	710,259	751,906
	$ 3,091,949	$ 3,176,356

Economic dependence (Note 2)
Impact of COVID-19 (Note 12)

On behalf of the Board

____________________ Chair   ____________________ Treasurer

See accompanying notes to the financial statements.

Association of Bayside Camp and Retreat Centre
Combined Statement of Cash Flows

Year ended December 31,	2022	2021
Increase (decrease) in cash and cash equivalents		
Operating		
Deficiency of revenue over expenses	**$ (41,647)**	$ (36,919)
Depreciation	**106,055**	110,422
Contribution of debt principal payments	**(18,991)**	(18,764)
Contribution of portfolio investments	**(2,158)**	-
Gain on sale of vehicle	**(1,535)**	-
	41,724	54,739
Change in non-cash operating working capital		
Receivables	**5,799**	(454)
Harmonized sales tax receivable	**(8,147)**	2,039
Payables and accruals	**9,448**	8,032
	48,824	64,356
Financing		
Loan repayments	**(32,275)**	(21,989)
Investing		
Proceeds on sale of vehicle	**5,000**	-
Purchase of building improvements	**(65,883)**	-
	(60,883)	-
Net (decrease) increase in cash and cash equivalents	**(44,334)**	42,367
Cash and cash equivalents		
Beginning of year	**143,759**	101,392
End of year	**$ 99,425**	$ 143,759

Cash and cash equivalents consist of:		
Unrestricted	**$ 75,095**	$ 130,519
Restricted	**24,330**	13,240
	$ 99,425	$ 143,759

See accompanying notes to the financial statements.

1. Nature of operations

The Association is registered as a charitable organization, incorporated under the Society Act of Nova Scotia. The purpose of the Association is to manage and support the operations of Bayside Camp. In 2015, the Association changed its name from Bayside United Baptist Camp Association.

The Association serves the Halifax Region United Baptist Association (“HRUBA”), whose member churches are members of Canadian Baptists of Atlantic Canada (“CBAC”). The loans referred to in Notes 5, 7 and 8 to the financial statements are from a Foundation established by CBAC.

2. Economic dependence

The Association is economically dependent on the Atlantic Baptist Foundation’s continued support. As at December 31, 2022, the Association is indebted to the Foundation for debt totalling $1,858,472 plus $410,773 in accrued interest and has pledged all assets, including capital assets with a carrying value of $2,983,161, as security. The Atlantic Baptist Foundation has supported the Association by providing interest relief in current and prior years, accepting payments based on the amounts raised by the Association’s capital campaigns, which vary each year, instead of requiring specific principal repayments, and matching principal payments. It has also provided certain operating grants to the Association.

The Atlantic Baptist Foundation loan payable disclosed in Note 7 bears a 0% interest rate, which the Foundation reduced from 5.25% effective January 1, 2020. The Foundation also agreed to match principal payments made by the Association on this loan from January 1, 2020 to December 31, 2025 and requires the Association to implement a capital campaign to source debt repayments and possibly allow willing third parties to be assigned portions of the debt. Any debt assignment will also qualify for the matching program. From January 1, 2026 to December 31, 2030 the 0% interest rate applies, but the matching principal payment portion will cease. The amount of principal payments matched by the Foundation in 2022 was $18,991 and is recorded as a contribution applied against the loan balance. The amount of interest saved in 2022 by the change in rate from 5.25% to 0% was $90,847 (2021 - $93,703).

In addition to the continued support of the Foundation, the Association has received non-profit organization property tax exemption status from Halifax Regional Municipality for 2022 which waived property taxes of $89,540. This tax relief is applied for annually.

Should the Association not be able to maintain its relationship with the Foundation or lose its property tax exemption status, the sustainability of its operations would be at risk, as it would not have sufficient cash flows to repay the outstanding obligations. These financial statements have been presented on the basis the Association will continue to receive this support from these entities.

3. Summary of significant accounting policies

Basis of accounting
These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”). Should there be no ASNPO standards to follow for accounting policy guidance, the Association will also apply Canadian account standards for private enterprises (“ASPE”). The significant accounting policies are detailed as follows:

Financial instruments
The Association considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in limited circumstances. The Association’s financial instruments include cash and cash equivalents, receivables, payables, loans payable and long-term debt. With the exception of the economic dependence described in Note 2, and unless otherwise noted, it is management’s opinion that the Association is not exposed to significant interest, currency or credit risks arising from financial instruments.

The Association initially measures its financial assets and liabilities at fair value, except for certain non-arm’s length transactions. Financial assets or liabilities obtained in related party transactions are measured at cost with the exception of certain instruments initially measured at fair value. Financial assets and financial liabilities are subsequently measured at cost or amortized cost, except for portfolio investments, which are measured at quoted market value.

The Association removes financial liabilities, or portion of, when the obligation is discharged, cancelled or expires.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement, providing the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write downs or reversals are recognized in net income.

Revenue recognition
Revenue includes registration fees for overnight residential camp programs, rentals for facility usage, special events income, contributions and grants. Miscellaneous income is generated from sales of promotional and tuck merchandise.

Registration fees, facility rentals and special events income are recognized as received. Any fees or income received in advance of camp, rental or event dates to be held in the following fiscal year will be deferred as unearned revenue at the reporting date. The Association sets rates for the various programs and events in advance, and reviews these rates regularly.

The Association follows the deferral method of accounting for contributions and grants. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions and grants received through the Association’s capital campaigns to be applied against loans payable are recognized as revenue when received. 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. Investment income is recognized as revenue as earned. Contributions received in the form of cash and

3. Summary of significant accounting policies (continued)

cash equivalents or as portfolio investments are recognized at their quoted market value at the time of contribution.

Contributed services
Volunteers contribute numerous hours per year to assist the Association in carrying out its activities. Because of the difficulty of determining their value, contributed services are not recognized in the financial statements.

Government assistance
The Association accounts for government assistance in the year in which the related expenses are incurred.

Capital assets
Buildings are recorded at actual construction, consulting and labour costs. Other assets are recorded at cost. Donated assets are recorded at their fair market value at the time of acquisition plus out of pocket costs. The capital asset fund holds the net book value of capital assets, net of outstanding payables, loans payable and long-term debt incurred to acquire the capital assets.

Depreciation is recorded on capital assets on a straight-line basis as follows:

Buildings	40 years
Mobile buildings	15 years
Furniture, fixtures and equipment	15 years
Recreation equipment	10 years
Vehicle	5 years

Cash and cash equivalents
Cash and cash equivalents include cash on hand, balances with banks and short-term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

Use of estimates
In preparing the Association's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates. Estimates include the useful lives of assets.

Capital risk management
The Association's objectives when managing capital are to ensure sufficient liquidity to support its financial obligations and to conduct operations and execute strategic plans. The Association is in compliance with externally imposed capital requirements.

Income taxes
The Association is a not-for-profit organization and as such, is not subject to income taxes.

4. Restricted cash and portfolio investments

Restricted cash consists of contributions and grants restricted for Atlantic Baptist Foundation debt repayment. Restricted portfolio investments consist of shares in publicly-traded companies, carried at market value and received as contributions restricted for Atlantic Baptist Foundation debt repayment.

5. Line of credit

The Association has available an operating line of credit with the Atlantic Baptist Foundation of Canadian Baptists of Atlantic Canada to a maximum of $100,000. This line of credit has an interest rate of 7.25% per annum. No amount was utilized at year end (2021 - $Nil).

6. Capital assets

			2022	2021
	Cost	Accumulated Amortization	**Net Book Value**	Net Book Value
Land	$ 517,934	$ -	**$ 517,934**	$ 517,934
Buildings	3,636,521	1,190,385	**2,446,136**	2,469,520
Furniture, fixtures, and equipment	230,800	211,709	**19,091**	34,554
Mobile office and shed	26,080	26,080	**-**	1,325
Recreation equipment	83,476	83,476	**-**	-
Vehicle	-	-	**-**	3,465
	$ 4,494,811	$ 1,511,650	**$ 2,983,161**	$ 3,026,798

7. Loans payable

	2022	2021
0% demand loan payable to the Atlantic Baptist Foundation.	**$ 1,717,632**	$ 1,755,614
4% unsecured promissory note payable to LE Black Lumber, no set terms of repayment.	**60,000**	60,000
	$ 1,777,632	$ 1,815,614

The demand loan with Atlantic Baptist Foundation bears 0% interest until 2030, when it is scheduled for renewal. The terms of the loan provide for matching of the Association's principal repayments by the Foundation until December 31, 2025. During 2022, the Association repaid $18,991 of loan principal which was matched by the Foundation for a total debt reduction of $37,982. While there was no interest charged on the demand loan in 2022, the accrued interest to December 31, 2019 of $410,773 remains payable upon demand.

7. Loans payable (continued)

The loans payable have no set terms of repayment, and are therefore reflected as current liabilities. Net contributions from capital campaigns are utilized to reduce the demand loan on a periodic basis. The Atlantic Baptist Foundation loans referred to above and in Note 8 are secured by a first charge debenture on all property, including capital assets with a carrying value of $2,983,161 (2021 - $3,026,798) of the Association and assignment of fire insurance.

8. Long term debt

	2022	2021
2.2% Atlantic Baptist Foundation loan, maturing in 2023, payable in blended instalments of $1,391 principal and interest, amortized to 2031, security as disclosed in Note 7.	**$ 140,840**	$ 154,124
Less: current portion	**12,489**	13,040
	$ 128,351	$141,084

Subsequent to year end, effective January 1, 2023, the loan was renewed to May 1, 2027 at a 3.2% interest rate, payable in blended instalments of $1,391 principal and interest. The current portion and principal payments required over the next five years reflect the subsequently renewed terms.

Principal payments required over the next five years are as follows:

2023	$ 12,489
2024	$ 12,760
2025	$ 13,186
2026	$ 13,614
2027	$ 5,810

9. Government assistance

	2022	2021
Canada Emergency Wage Subsidy (CEWS)	**$ -**	$ 26,473
Canada Emergency Rent Subsidy (CERS)	**-**	14,407
Canada Recovery Hiring Program (CRHP)	**2,481**	13,634
Canada Tourism and Hospitality Recovery Program (THRP)	**4,345**	2,499
	$ 6,826	$ 57,013

10. Employee future benefits

The Association participates in a defined contribution pension plan that requires an employer contribution of 6% of eligible employee remuneration. There are no employee future benefits payable by the Association. The cost expensed by the Association in 2022 was $4,947 (2021 - $3,726).

11. Revenue

	2022	2021
Operating		
Registration	**$ 202,261**	$ 127,982
Donations	**78,155**	82,853
Facility usage	**122,371**	30,435
Special events	**22,316**	-
Merchandise sales	**1,312**	425
Grants - student sponsorships	**33,874**	30,357
Grants – Atlantic Baptist Foundation	**45,500**	5,220
	$ 505,789	$ 277,272
Capital		
Contributions and grants for debt repayment	**$ 35,081**	$ 35,451
Atlantic Baptist Foundation – matching principal payments	**18,991**	18,763
Atlantic Baptist Foundation – interest forgiven	**-**	2,322
	$ 54,072	$ 56,536

12. Impact of COVID-19

Since March 2020, the spread of COVID-19 has severely impacted local economies around the globe. In many countries, including Canada, measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services triggered significant disruptions to businesses and organizations worldwide, resulting in an economic slowdown. Global stock markets experienced great volatility and a significant weakening. Governments and central banks responded with monetary and fiscal interventions to stabilize economic conditions.

Like most recreation facilities and charitable organizations, the COVID-19 pandemic continued to impact operations for the Association in 2022, however with the lessening of restrictions in Nova Scotia and ability to hold more in-person and overnight camps, bookings and programs are approaching pre-pandemic levels. Compared to 2021, the number of campers increased 61% and facility usage from group rentals more than tripled. As a result, the Association saw increased revenue and corresponding program and staffing costs.

While encouraging, the duration of the impact of the COVID-19 pandemic, risk of recurring restrictions and curtailed operations, as well as the effectiveness of government and financing responses, remains unclear. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Association for future periods.