

FIRST-ST. ANDREW'S UNITED CHURCH
FINANCIAL STATEMENTS
(unaudited - see Review Engagement Report)
DECEMBER 31, 2020

DRAFT

REVIEW ENGAGEMENT REPORT

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of First-St. Andrew's United Church

I have reviewed the accompanying financial statements of First-St. Andrew's United Church that comprise the statement of financial position as at December 31, 2020, and the statements of changes in net assets, operations, 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 controls 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

My responsibility is to express a conclusion on the accompanying financial statements based on my review. I conducted my review in accordance with Canadian generally accepted standards for review engagements, which require me 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, I do not express an audit opinion on these financial statements.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the financial statements do not present fairly, in all material respects, the financial position of First-St. Andrew's United Church as at December 31, 2020, 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.

London, Ontario
May 14, 2021

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

FIRST-ST. ANDREW'S UNITED CHURCH
(Incorporated under the laws of Ontario)
STATEMENT OF FINANCIAL POSITION
(unaudited - see Review Engagement Report)
AS AT DECEMBER 31

(\$)
2020 (\$)
2019

ASSETS

Current

Cash	100,607	33,295
Accounts receivable	2,997	4,922
HST recoverable	8,919	35,045
Inventory	16,702	24,723
Prepaid expenses	11,861	11,699
Due from trust funds (note 2)	<u>21,374</u>	<u>2,643</u>
	162,460	112,327

Restricted Assets

43,988 40,194

Capital Assets

1 1

206,449 **152,522**

LIABILITIES AND FUND BALANCES

Current Liabilities

Accounts payable and accrued expenses	64,191	44,744
Due to UCW		2,031
Due to trust funds (note 2)	29,790	29,240
Deferred Income	<u>4,523</u>	
	98,504	76,015

Long-Term Debt (note 5)

30,000
128,504 76,015

Fund Balances

Restricted funds		
Music	35,618	31,496
Other	<u>8,370</u>	<u>8,698</u>
	43,988	40,194
Unrestricted operating fund	<u>33,957</u>	<u>36,313</u>
	<u>77,945</u>	<u>76,507</u>

206,449 **152,522**

see accompanying notes

Approved on behalf of the Board,

_____, Board Member

_____, Board Member

FIRST-ST. ANDREW'S UNITED CHURCH
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
(Unaudited - see Review Engagement Report)
YEAR ENDED DECEMBER 31

	(\$) 2020	(\$) 2019
Revenue		
Envelope Givings	371,785	379,116
Gift cards	73,825	153,685
Rental Income	62,655	94,089
Miscellaneous Donations & Income	11,502	12,665
Government Grants	10,000	
Special Projects	4,226	6,587
Assistance from U.C.W.	2,236	8,574
Designated Income	100	7,370
	<u>536,329</u>	<u>662,086</u>
Expenditures		
Ministry and Personnel staffing	317,200	371,863
Operations (schedule)	164,380	205,032
Program services (schedule)	107,577	188,147
Outreach (schedule)	73,632	56,968
	<u>662,789</u>	<u>822,010</u>
Excess (Deficiency) of Revenue over Expenditures	(126,460)	(159,924)
Fund Balance, beginning of year	36,313	48,305
Interfund Transfers (note 4)		3,043
Transfers from Trust Funds (note 3)	<u>124,104</u>	<u>144,889</u>
Fund Balance, end of year	<u>33,957</u>	<u>36,313</u>

see accompanying notes

FIRST-ST. ANDREW'S UNITED CHURCH
STATEMENT OF EXPENDITURES
(Unaudited - see Review Engagement Report)
YEAR ENDED DECEMBER 31

(\$)
2020 **(\$)**
2019

Program Services

Gift cards	70,283	146,811
Music	19,455	23,317
Worship	8,584	3,299
Jean Brown CD sub-committee	3,116	5,802
Marketing & communications	2,612	4,024
Christian development	1,719	1,640
Special projects	985	2,170
Membership and nurture	823	1,084
	<u>107,577</u>	<u>188,147</u>

Outreach

M&S fund commitment	47,717	48,988
Mission, outreach & the environment	563	339
Stewardship & capital campaign	252	291
Designated expense (note 6)	25,100	7,350
	<u>73,632</u>	<u>56,968</u>

Operations

Property repairs, maintenance & security	52,613	80,514
Office & administration	33,810	42,307
Utilities & taxes	26,469	34,741
Property insurance	25,599	23,480
Presbytery fees	13,854	13,854
Farquhar house	12,035	10,136
	<u>164,380</u>	<u>205,032</u>

DRAFT

see accompanying notes

FIRST-ST. ANDREW'S UNITED CHURCH
STATEMENT OF OPERATIONS AND CHANGES IN RESTRICTED FUND BALANCES
(Unaudited - see Review Engagement Report)
YEAR ENDED DECEMBER 31

(\$)
2020

(\$)
2019

RESTRICTED FUNDS - MUSIC

Bray Fund

Balance, beginning of year	271	1,264
Expenditures - music		(993)
Balance, end of year	<u>271</u>	<u>271</u>

Eberhard Memorial Music Scholarship Fund - Principal

Balance, beginning of year		
Revenue - Donations	4,790	5,240
Transfer to trust funds	<u>(4,790)</u>	<u>(5,240)</u>
Balance, end of year	<u> </u>	<u> </u>

Eberhard Memorial Music Scholarship Fund - Interest

Balance, beginning of year	671	671
Transfer from trust funds	3,770	3,000
Expenditures - Music scholar	<u>(3,770)</u>	<u>(3,000)</u>
Balance, end of year	<u>671</u>	<u>671</u>

Friends of Music Fund

Balance, beginning of year	27,166	19,583
Revenue - Concert series	2,653	14,959
- Donations	9,650	17,177
Expenditures - Concert Series	<u>(6,131)</u>	<u>(23,935)</u>
- Music director		(618)
Balance, end of year	<u>33,338</u>	<u>27,166</u>

Wm. & I. McKane Bursary Fund

Balance, beginning of year	3,388	5,887
Revenue - Concert series		2,990
- Donations		400
Expenditures - Concert Series	<u>(2,050)</u>	<u>(5,889)</u>
Balance, end of year	<u>1,338</u>	<u>3,388</u>

E Butt Shekinah Fund

Balance, beginning of year		
Revenue - Donations		100
Transfer to trust funds		<u>(100)</u>
Balance, end of year	<u> </u>	<u> </u>

Total - Music Funds

35,618 **31,496**

see accompanying notes

FIRST-ST. ANDREW'S UNITED CHURCH
STATEMENT OF OPERATIONS AND CHANGES IN RESTRICTED FUND BALANCES
(Unaudited - see Review Engagement Report)
YEAR ENDED DECEMBER 31

(\$)
2020 (\$)
2019

RESTRICTED FUNDS - OTHER

Discretionary Fund

Balance, beginning of year	508	508
Balance, end of year	508	508

Benevolent Fund

Balance, beginning of year	1,608	1,208
Revenue - Donations	250	400
Expenditures - Disbursements	(850)	
Balance, end of year	1,008	1,608

Clark Fund - Interest

Balance, beginning of year	1,566	1,766
Expenditures - Continuing education		(200)
Balance, end of year	1,566	1,566

Bridges Out of Poverty Fund

Balance, beginning of year	3,392	3,946
Revenue - Donations	1,300	1,000
Expenditures - Meals	(450)	(1,554)
Balance, end of year	4,242	3,392

Community Garden Fund

Balance, beginning of year	1,624	17,807
Revenue - Donations		10,200
Expenditures - Landscaping & other	(578)	(33,923)
Transfer from trust funds		7,167
Transfer from Capital Building Fund		373
Balance, end of year	1,046	1,624

Capital Building Fund

Balance, beginning of year		2,800
Revenue - Donations		661
Expenditures - Memorial bench		(1,988)
Transfer to Community Garden Fund		(373)
Transfer to Operating fund		(1,100)
Balance, end of year		

Capital Reserve Fund

Balance, beginning of year		1,843
Transfer to Operating fund		(1,843)
Balance, end of year		

Total Restricted Funds - Other

	8,370	8,698
--	-------	-------

see accompanying notes

FIRST-ST. ANDREW'S UNITED CHURCH
STATEMENT OF CASH FLOWS
(Unaudited - see Review Engagement Report)
YEAR ENDED DECEMBER 31

(\$) **(\$)**
2020 **2019**

Cash Flows Provided By (Used In):

Operating Activities:

Excess (Deficiency) of Revenue over Expenditures

General Operating Fund	(126,460)	(159,924)
Music Funds	5,142	6,431
Other Restricted Funds	(328)	(25,404)
Combined Excess (Deficiency) of Revenue over Expenditures	(121,646)	(178,897)

Transfers from Trust funds	123,084	149,816
	1,438	(29,081)
	(126,460)	(159,924)

Net Change in Non-Cash Working Capital Balances

Accounts receivable (HSTrecoverable)	28,051	(20,894)
Inventory	8,021	(11,218)
Prepaid expenses	(162)	(2,443)
Accounts payable and accrued expenses	17,416	10,340
Due to trust funds	(18,181)	8,440
Deferred income	4,523	(350)
	39,668	(16,125)
	41,106	(45,206)

Financing Activities:

Loan proceeds	30,000	
---------------	---------------	--

Increase (Decrease) in Cash Resources **71,106** (45,206)

Opening Cash Resources **73,489** 118,345

Closing Cash Resources **144,595** 73,139

Cash Resources

Cash	100,607	33,295
Restricted Cash	43,988	40,194
	144,595	<u>73,489</u>

see accompanying notes

FIRST-ST. ANDREW'S UNITED CHURCH
NOTES TO THE FINANCIAL STATEMENTS
(Unaudited - see Review Engagement Report)
YEAR ENDED DECEMBER 31, 2020

Nature and Purpose of Organization

These financial statements report the activities related to the operations and administration of the Church. They do not report the assets or activities of the Board of Trustees or the UCW.

1. Basis of Presentation and Summary of Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. These standards are in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

The financial statements are presented on a fund basis. The income, expenses and activities of the funds are reported directly within each fund. The funds are restricted to their intended use as described below:

(a) Fund Accounting

i) Operating Fund

This fund is used to operate the general activities and administration of the Church.

ii) Restricted Funds

Music Funds - Administered by the Director of Music

Bray Fund

To provide support for undesignated music programs.

Eberhard Memorial Music Scholarship Funds

To provide support for vocal music scholarships. The Principal Fund must be retained while the Interest fund may be spent.

C. Wilson Fund

For promotion and support of music programs.

Friends of Music Fund

To provide support for special music concerts and events.

Wm. & I. McKane Bursary Fund

To provide financial assistance in the form of bursaries to musicians.

Jean Comfort Choir Fund

To provide support for the purchase of sheet music.

E Butt Shekinah Fund

To provide support of the Music Program and its presentation for extra ordinary purposes.

FIRST-ST. ANDREW'S UNITED CHURCH
NOTES TO THE FINANCIAL STATEMENTS
(Unaudited - see Review Engagement Report)
YEAR ENDED DECEMBER 31, 2020

1. Basis of Presentation and Summary of Significant Accounting Policies (con't)

Other Restricted Funds

Discretionary Fund

To provide funding for non budgeted expenditures as directed by the honorees.

Benevolent Fund

To provide support for discretionary benevolent purposes. Administered by Ministerial staff.

Clark Fund - Interest

To provide support for continuing education. The principal of the fund is maintained by the Trustees and interest is transferred to the Church to provide income for the fund. Administered by the Ministry & Personnel Committee.

Bridges Out of Poverty Fund

To support the weekly hospitality meal program under the direction of the Mission, Outreach & Environment Committee.

Community Garden Fund

To provide funding for the creation and ongoing maintenance of a community eco-meditation garden on the church grounds, under the direction of Council.

Capital Building Fund

To be used for infrastructure renewal as outlined in the Avis Report under the direction of Council.

Capital Reserve Fund

To be used for capital expenditures under the direction of Council.

(b) Revenue

First-St. Andrew's United Church follows the restricted fund method of accounting for revenue and expenditures. Restricted and unrestricted contributions are recognized as revenue in their respective funds when it is received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured in the year in which they are received.

Rental income is recognized on a monthly accrual basis.

Interest and other income is recognized when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured in the year.

FIRST-ST. ANDREW'S UNITED CHURCH
NOTES TO THE FINANCIAL STATEMENTS
(Unaudited - see Review Engagement Report)
YEAR ENDED DECEMBER 31, 2020

1. Summary of Significant Accounting Policies (con't)

(c) Capital Assets

Capital assets consisting of furniture and equipment have been recorded at a nominal value of \$1. Current purchases of capital assets including renovations are expensed in the year of acquisition through the Operating, Capital Building and Capital Reserve Funds.

(d) Contributed Services

The Church is dependent upon the many hours of volunteer work contributed by their members to assist First-St. Andrew's United Church in carrying out its ministry. Because of the difficulty of determining their fair monetary value, contributed services are not recognized in the financial statements.

(e) Use of Estimates

The preparation of financial statements in accordance with Canadian standards for not-for-profit organizations requires Council to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statement, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from Council's best estimates as additional information becomes available in the future. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

(f) Financial Instruments

Financial instruments acquired or assumed in an arms length transaction are initially recorded at their fair value. Subsequently, the church measures all its financial assets and liabilities at amortized cost. Any changes in fair value are recognized in net income.

Financial assets include cash and accounts receivable.

Financial liabilities include accounts payable and accrued expenses and amounts due to and from trust funds.

(g) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand in both the operating and restricted funds.

FIRST-ST. ANDREW'S UNITED CHURCH
NOTES TO THE FINANCIAL STATEMENTS
(Unaudited - see Review Engagement Report)
YEAR ENDED DECEMBER 31, 2020

2. Due From Related Parties

These amount represent amounts receivable and payable from the Board of Trustees of First-St. Andrew's United Church as of December 31, 2020.

Due from Trust Funds	2020	2019
	(\$)	(\$)
From the Wm. & J. Brown Fund -Youth	<u>12,243</u>	1,544
From the Dr. Elmer Butt Shekinah Fund	<u>4,822</u>	
From the Eberhard Memorial Music Scholarship Investment Fund	<u>3,770</u>	
From the Clark Fund	<u>539</u>	1,099
	<u>21,374</u>	<u>2,643</u>
Due to Trust Funds		
From the Proudfoot Legacy Fund - Gift Card Program Loan	<u>25,000</u>	25,000
From the Eberhard Memorial Music Scholarship Fund - Principal	<u>4,790</u>	4,240
	<u>29,790</u>	<u>29,240</u>

3. Related Party Transfers

Transfers from Trust Funds represent amounts received or receivable from the Board of Trustees of First-St. Andrew's United Church.

	2020	2019
	(\$)	(\$)
To the Operating Fund	<u>103,000</u>	106,125
To the Community Garden Grant Fund		<u>7,167</u>
Total Transfers from the Proudfoot Legacy Fund	<u>103,000</u>	113,292
From the Wm. & J. Brown Fund -Youth	<u>12,243</u>	30,819
From the Dr. Elmer Butt Shekinah Fund	<u>4,822</u>	3,349
From the C. Wilson Fund	<u>3,500</u>	
From the Clark Fund	<u>539</u>	4,596
	<u>124,104</u>	<u>144,889</u>
To the Eberhard Memorial Scholarship Fund - Interest from the Eberhard Memorial Music Scholarship Investment Fund	<u>3,770</u>	<u>3,000</u>
Total Transfer from Trust Funds	<u>127,874</u>	<u>155,056</u>

Transfers to Trust Funds represents the amounts paid or payable to the Board of Trustees of First-St. Andrew's United Church for management under the control of the Board of Trustees.

	2020	2019
	(\$)	(\$)
From the Eberhard Memorial Music Scholarship Fund - Principal -To the Eberhard Memorial Music Scholarship Investment Fund	<u>4,790</u>	<u>5,240</u>

FIRST-ST. ANDREW'S UNITED CHURCH
NOTES TO THE FINANCIAL STATEMENTS
(Unaudited - see Review Engagement Report)
YEAR ENDED DECEMBER 31, 2020

4. Interfund Transfers

Interfund Transfers to the Operating Fund from Restricted Funds were made to offset certain Operating Fund expenditures.

	2020	2019
	(\$)	(\$)
From the E. Butt Shekinah Fund	<u> </u>	100
From the Capital Building Fund	<u> </u>	1,100
From Capital Reserve Fund	<u> </u>	<u>1,843</u>
	<u> </u>	<u>3,043</u>

5. Long-Term Debt

	2020	2019
	(\$)	(\$)
TD Canada Trust - Canada Emergency Business Account, non-interest bearing, due December 31, 2022	<u> </u>	<u> </u>
	<u>30,000</u>	<u> </u>

During the year, the Organization received the Canada Emergency Business Account loan of \$40,000. The Organization has already allocated the \$10,000 forgivable portion to income for the current year.

6. Commitments

In 2018, Council approved financial support of \$25,000 per year from the Proudfoot Legacy Fund for 3 years starting in calendar 2019 as a donation to Camp Kee-Mo-Kee for capital purposes in response to their ReVitalize Kee-Mo-Kee campaign. The Council paid the third and final installment with remaining funds at the end of the 2020 fiscal year.

7. Financial Instrument Risk

Liquidity Risk

Liquidity risk is the risk that an organization will encounter difficulty in meeting obligations associated with financial liabilities. The Church is exposed to this risk mainly in respect of its long term debt and accounts payable. The Church manages its liquidity risk by monitoring its operating requirements to ensure financial resources are available. The Church also has access to Trust Funds which are invested in various holding. These funds can be accessed at the discretion of the Board of Trustees. There has been no change in this risk from the prior year.

8. Comparative Figures

The prior year's financial statements were reviewed by another accountant.