

**ERIN MILLS UNITED CHURCH**

**FINANCIAL STATEMENTS**  
**(Unaudited)**

**DECEMBER 31, 2019**

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# ***DOUGLAS SPENCE C.P.A., C.A.***

*Professional Corporation*

*Chartered Accountant and Business Advisors*

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## **INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT**

### **To the members of Erin Mills United Church:**

We have reviewed the accompanying financial statements of Erin Mills United Church that comprise the balance sheet as at December 31, 2019, the Statements of Revenue, Expense and Accumulated Excess Revenue and the Statement of 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 private enterprises, 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 financial position of Erin Mills United Church as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with the Canadian accounting standards for Not-For-Profit organizations.

Oakville, Canada  
January 29, 2020



Douglas Spence CA Professional Corp  
Licensed Public Accountant

Authorized to practice public accounting by Chartered Professional Accountants of Ontario

**ERIN MILLS UNITED CHURCH**

**BALANCE SHEET**

**AS AT DECEMBER 31, 2019**

**(with comparative figures for the year ended December 31, 2018)  
(Unaudited)**

	<b>FUNDS</b>			
	<b>Operating</b>	<b>Designated</b>	<b>Total</b>	<b>Total</b>
	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>				
<b>CURRENT</b>				
Cash in bank	\$ 10,611	\$ 5,892	\$ 16,503	\$ 25,539
Portfolio investments (note 4)	58,932	559,861	618,793	593,674
Accounts receivable	4,888	-	4,888	3,014
HST recoverable	3,768	-	3,768	7,192
Prepaid expenses	4,017	-	4,017	3,718
	<u>82,216</u>	<u>565,753</u>	<u>647,969</u>	<u>633,137</u>
PROPERTY AND EQUIPMENT (note 5)	<u>2,093,435</u>	<u>-</u>	<u>2,093,435</u>	<u>2,093,435</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,175,651</u></b>	<b><u>\$ 565,753</u></b>	<b><u>\$ 2,741,404</u></b>	<b><u>\$ 2,726,572</u></b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 6,548	\$ -	\$ 6,548	\$ 15,997
Deferred revenue	600	-	600	1,495
	<u>7,148</u>	<u>-</u>	<u>7,148</u>	<u>17,492</u>
<b>TOTAL LIABILITIES</b>	<b><u>7,148</u></b>	<b><u>-</u></b>	<b><u>7,148</u></b>	<b><u>17,492</u></b>
<b>ACCUMULATED EXCESS OF REVENUE OVER EXPENSE</b>				
Operating funds	2,168,503	-	2,168,503	2,171,421
Designated funds	-	565,753	565,753	537,659
	<u>2,168,503</u>	<u>565,753</u>	<u>2,734,256</u>	<u>2,709,080</u>
	<b><u>\$ 2,175,651</u></b>	<b><u>\$ 565,753</u></b>	<b><u>\$ 2,741,404</u></b>	<b><u>\$ 2,726,572</u></b>

Approved: \_\_\_\_\_ Leadership Circle, Chair

\_\_\_\_\_ Leadership Circle, Finance

**ERIN MILLS UNITED CHURCH**

**STATEMENT OF FUNDS - REVENUE AND EXPENSE**

**AND ACCUMULATED EXCESS OF REVENUE**

**FOR THE YEAR ENDED DECEMBER 31, 2019**

(with comparative figures for the year ended December 31, 2018)  
(Unaudited)

	Operating Funds	Designated Funds (Schedule I)	Total	Total
	2019	2019	2019	2018
<b>REVENUES</b>				
Envelopes, PAR and plate offerings	\$ 167,161	\$ -	\$ 167,161	\$ 168,322
Fundraising	20,844	-	20,844	19,446
Rentals (Net)	51,425	-	51,425	43,750
Donations	-	42,874	42,874	48,522
Sundry	-	-	-	63
Solar panels income	8,727	-	8,727	9,202
	<u>248,157</u>	<u>42,874</u>	<u>291,031</u>	<u>289,305</u>
<b>EXPENSE</b>				
Salaries & allowances	158,490	-	158,490	163,467
Building operating costs	60,805	-	60,805	62,933
Fundraising	4,616	-	4,616	2,401
Office & telephone	9,539	-	9,539	9,413
Programme expenses (note 6)	4,554	51,600	56,154	97,599
Halton Presbytery assessment	9,108	-	9,108	6,210
Interest & bank charges	2,177	-	2,177	2,086
Sundry	86	-	86	300
	<u>249,375</u>	<u>51,600</u>	<u>300,975</u>	<u>344,409</u>
<b>EXCESS OF OPERATING REVENUE(EXPENSE)</b>	<u>(1,218)</u>	<u>(8,726)</u>	<u>(9,944)</u>	<u>(55,104)</u>
<b>OTHER REVENUE (EXPENSE)</b>				
Interest earned on investments	-	10,280	10,280	10,279
Realized gain (loss) & capital distribution	-	9,240	9,240	(228)
Unrealized gain (loss) on portfolio investments	-	15,600	15,600	(8,660)
	<u>-</u>	<u>35,120</u>	<u>35,120</u>	<u>1,391</u>
<b>EXCESS(SHORTFALL) OF REVENUE OVER EXPENDITURE</b>	<u>(1,218)</u>	<u>26,394</u>	<u>25,176</u>	<u>(53,713)</u>
<b>ACCUMULATED EXCESS OF REVENUE - January 1</b>	<u>2,171,421</u>	<u>537,659</u>	<u>2,709,080</u>	<u>2,762,793</u>
<b>ACCUMULATED EXCESS OF REVENUE - December 31</b>	<u>2,168,503</u>	<u>\$ 565,753</u>	<u>\$ 2,734,256</u>	<u>\$ 2,709,080</u>

**ERIN MILLS UNITED CHURCH**

**STATEMENT OF CASHFLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2019**

(with comparative figures for the year ended December 31, 2018)  
(Unaudited)

	<b>Operating Funds</b>	<b>Designated Funds (Schedule I)</b>	<b>Total</b>	<b>Total</b>
	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2018</b>
<b>OPERATING ACTIVITIES</b>				
Cash Provided By Operating Activities				
Excess of Fund Revenue (Expenditure)	\$ (1,218)	\$ 26,394	\$ 25,176	\$ (53,713)
Transfer between funds	(1,700)	1,700	-	-
Net Change in Non-Cash Working Capital Balances				
Accounts receivable	(1,874)	-	(1,874)	(2,454)
HST recoverable	3,424	-	3,424	(3,541)
Prepaid expenses	(299)	-	(299)	(260)
Accounts payable and accrued liabilities	(9,449)	-	(9,449)	1,345
Deferred revenue	(895)	-	(895)	815
	<u>(12,011)</u>	<u>28,094</u>	<u>16,083</u>	<u>(57,808)</u>
<b>INCREASE (DECREASE) IN CASH</b>	(12,011)	28,094	16,083	(57,808)
<b>CASH - Beginning of the year</b>	<u>81,554</u>	<u>537,659</u>	<u>619,213</u>	<u>677,021</u>
<b>CASH - End of the year</b>	<u><u>69,543</u></u>	<u><u>565,753</u></u>	<u><u>635,296</u></u>	<u><u>619,213</u></u>
<b>Cash is comprised of</b>				
Cash in bank	10,611	5,892	16,503	25,539
Short term investments	58,932	559,861	618,793	593,674
	<u>\$ 69,543</u>	<u>565,753</u>	<u>635,296</u>	<u>619,213</u>

**ERIN MILLS UNITED CHURCH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**  
**(UNAUDITED)**

**1/ DESCRIPTION OF ORGANIZATION**

Erin Mills United Church (EMUC) is a member of the “United Church of Canada”. It is registered as a charitable and not-for-profit organization with the Canada Revenue Agency for receiving tax deductible donations.

**2/ BASIS OF PRESENTATION**

**Fund Accounting**

Erin Mills United Church administers monies and assets for various “Funds” which have specific purposes. A brief description of each of these funds follows. The assets in these funds may be restricted for the use, if any, for which they were given.

**Operating Fund** – Revenues from offerings and other sources of revenue for the operation of the church on a day to day basis.

**Benevolent Fund** – Outreach funds to assist those in need in the community.

**Community Garden** – Restricted funds for church gardens.

**Community Outreach Fund** – Funds to be used at the discretion of the Leadership Circle.

**Ian MacRae** – Restricted endowment fund for a student entering first year post-secondary education.

**Communication Fund** – Restricted funds for communication technology upgrades (e.g. outdoor sign, website).

**Music Fund** – Restricted funds to support the music programs of EMUC.

**ERIN MILLS UNITED CHURCH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**  
**(UNAUDITED)**

**2/ BASIS OF PRESENTATION - *continued***

**Capital Repair Fund** – Restricted funds for future repairs to capital assets.

**Memorial Fund** – Donation received in memory of loved ones to be used at the discretion of the Leadership Circle.

**Children & Youth Fund** – Restricted funds to be used for children and youth activities.

**Accessibility Fund** – Restricted funds to be used for accessibility projects.

**Mission Fund** – Funds to be used to support EMUC’s Mission and Outreach, as determined by the Leadership Circle.

**Capital Reserve Fund** – Funds to be used to ensure ongoing mission and sustainability of the EMUC building and capital assets into the future, as determined by the Leadership Circle.

**UCC Mission & Service Fund** – Funds donated by the congregation to be used by the United Church of Canada (UCC).

**Adult Learning** – Funds to subsidize registration fees for congregants to attend workshop and conferences supporting the mission of EMUC.

**Sabbatical Supply Fund** – Funds to cover the cost of supply coverage for future Ministerial Sabbaticals.

**Fundscrip** – Funds collected to purchase retail gift cards through FundScrip. A percentage of total sales is returned to the church as a fundraiser for general operations.

**Refugee Fund** – Restricted funds to support the sponsorship of a refugee family.

**ERIN MILLS UNITED CHURCH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**  
**(UNAUDITED)**

**3/ 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:

**Revenue Recognition**

Donations in the form of offerings or givings are recognized as received. Bequest are recognized when ownership is irrevocably transferred and collection is reasonably guaranteed.

Donations in Kind are recorded at their appraised value.

Investment income includes interest, dividends and realized capital gains as earned and unrealized gains/losses.

Miscellaneous and other revenue is recognized as the services or events occur.

**Property and Equipment**

Properties and Equipment are recorded on the books of Erin Mills United Church as outlined in Note 5.

**Estimates**

The preparation of financial statements in conformity with Canadian standards for non-for-profit organizations requires the Leadership Circle to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of their revenue and expenses during the reporting period. Actual result could differ from those estimates.



**ERIN MILLS UNITED CHURCH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**  
**(UNAUDITED)**

**3/ SIGNIFICANT ACCOUNTING POLICIES - *continued***

**Donated Services**

The work of Erin Mills United Church is dependent on the voluntary service of many people and members. The value of the donated services is not recognized in these statements.

**Financial Instruments**

a) Measurement

Erin Mills United Church initially measures its financial assets and liabilities at fair value, adjusted by the amount of transaction costs directly attributable to the instrument. Erin Mills United Church subsequently measures all of its financial assets and liabilities at amortized cost. Changes in fair value are recognized in net income. Financial assets measured at amortized cost include cash, accounts receivable, and prepaid expenses. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and deferred revenue. Financial assets measured at fair value include investments in a portfolio investment.

b) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. Non amortized property and equipment assets are also tested for impairment. If there are indications of impairment, EMUC determines whether a significant adverse change has occurred and records the change.

**ERIN MILLS UNITED CHURCH**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2019  
(UNAUDITED)**

**4/ PORTFOLIO INVESTMENTS**

Portfolio investments are presented on the financial statements at market value. The following represents invested amounts held for various funds:

<b>Cash and Cash Equivalents</b>	<b>Market Value</b>	<b>Purchase</b>	<b>Interest</b>	<b>Unrealized</b>	<b>Market Value</b>
	<b>Dec 2018</b>	<b>(Sale)</b>	<b>Earned and Realized gains</b>	<b>Gain(Loss)</b>	<b>Dec 2019</b>
<b>Cash at RBC</b>	335	(318)	710		727
<b>Guaranteed Investment Certificate</b>					
Bank of Nova Scotia - due 02/06/2019 2.450%	63,054	(63,205)	151		-
Home Trust Company due 05/29/2020 2.350%	65,225		1,533		66,758
CDN Western Bank due 11/16/2020 2.350%	43,013		1,011		44,023
CDN Western Trust due 11/16/2020 2.350%	64,518		1,516		66,035
Home Trust Company due 04/29/2021 2.300%	42,508		978		43,485
CDN Tire Bank due 02/15/2022 2.0500%	93,454		1,897		95,351
Laurentian Bank-due 02/16/2021 1.8600%	26,914		501		27,414
Homequity Bank-due 06/14/20123 3.210%	50,879		1,627		52,506
Equitable Bank - due 05/28/2020 2.210 %	-	40,000	526		40,526
RBC Short-term GIC-due 05/14/2019 1.90%			186		
	<u>449,565</u>	<u>(23,205)</u>	<u>9,926</u>	<u>-</u>	<u>436,098</u>
<b>Common Shares</b>					
BMO Low Volatility CDN Equity ETF	24,761	-	-	4,685	29,446
	<u>24,761</u>	<u>-</u>	<u>-</u>	<u>4,685</u>	<u>29,446</u>
<b>Mutual Market Funds</b>					
RBC Investment Savings	10,538	13,710	354	-	24,602
	<u>10,538</u>	<u>13,710</u>	<u>354</u>	<u>-</u>	<u>24,602</u>
<b>Mutual Funds:</b>					
Fidelity Canadian Large CAP	35,980			3,577	39,557
Fiera Capital Core Cdn Equity Fund	72,495	(81,025)	8,530	-	-
Canoe Equity Portfolio Class Series D		81,025		7,338	88,363
	<u>108,475</u>	<u>-</u>	<u>8,530</u>	<u>10,915</u>	<u>127,920</u>
<b>Total:</b>	<u>593,674</u>	<u>(9,813)</u>	<u>19,520</u>	<u>15,600</u>	<u>618,793</u>
This amount is allocated as follows:					
Operating Fund					58,932
Designated Funds					<u>559,861</u>
					<u>618,793</u>

**ERIN MILLS UNITED CHURCH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**  
**(UNAUDITED)**

**5/ PROPERTY AND EQUIPMENT**

	<u>2019</u>	<u>2018</u>
Buildings & Parking Lot	\$ 1,548,979	\$ 1,548,979
HVAC Cost	229,498	229,498
Furniture and Equipment	244,611	244,611
Solar Panels	<u>70,347</u>	<u>70,347</u>
	<b><u>\$ 2,093,435</u></b>	<b><u>\$ 2,093,435</u></b>

Property and Equipment are recorded in the financial records of Erin Mills United Church at cost. Property and Equipment are not amortized, nor expensed in the year of acquisition. Accordingly, market value could vary considerably from the values presented.

**6/ GROUPING OF AMOUNTS**

Programs administered under the Operating Fund have been grouped together for Financial Statement purposes as follows:

	<u>2019</u>	<u>2018</u>
Worship	\$ 2,874	\$ 2,429
Music	1,603	841
Membership/Pastoral Care	56	32
Ministry & Personnel	<u>21</u>	<u>-0-</u>
	<b><u>\$ 4,554</u></b>	<b><u>\$ 3,302</u></b>

**7/ INCOME TAXES**

Under Section 149 of the Income Tax Act of Canada, no income tax is payable by Erin Mills United Church.

**ERIN MILLS UNITED CHURCH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**  
**(UNAUDITED)**

**8/ LEASE COMMITMENTS**

The church is committed under an operating lease agreement for the photocopier machine. The payment is fixed amount committed plus extra based on the usage. The fixed annual commitment under these operating leases is as follows:

2020	\$ 1,868
2021	\$ 1,868
2022	\$ 934

**9/ FAIR VALUE OF FINANCIAL INSTRUMENTS**

**Risk Management Policy**

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks as at December 31, 2019:

**Market Risk**

The company is exposed to interest rate risk on its fixed and variable interest financial statements. The fixed interest instruments subject to a fair value risk, and variable interest instruments subject it to a cash flow risk.

**Fair Value**

The carrying value of cash, accounts receivable, and accounts payable approximate their fair values due to their short term nature.

**10/ ENVIRONMENTAL ISSUES**

Erin Mills United Church is not aware of any environmental contamination to its properties or attachment.

**ERIN MILLS UNITED CHURCH**  
**SCHEDULE OF DESIGNATED FUNDS - REVENUES AND EXPENSE**  
**AND ACCUMULATED EXCESS OF REVENUE**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

Schedule I

(Unaudited)

	Opening Balance Jan. 1, 2019	Revenue	Fundsrip Amounts Collected	Investment Income	Realized Gain (loss) & Capital Distribution	Unrealized Gain (loss) on Investments	Expense & Distributions	Payments to Fundsrip	Inter-Fund Transfers	Closing Balance Dec. 31, 2019
Benevolent	\$ 4,210	\$ 11,567		\$ 117	\$ -	\$ -	\$ (7,789)		\$ (2,213) Note 1,2,4	\$ 5,892
Community Garden	903	300			-	-	(181)			1,022
Community Outreach	6,760			164	-	-				6,924
Ian MacRae Memorial Bursary	10,336			418	-	-	(500)		164 Note 2	10,418
Communication	8,922			192	-	-	(2,537)			6,577
Music Fund	200	200			-	-	(90)			310
Capital Repair	5,788			111	-	-	(5,572)			327
Memorial	3,200	7,278		160	-	-	(2,391)			8,247
Children & Youth	774				-	-				774
Accessibility	500				-	-				500
Mission Fund	34,657			827	-	-	(818)			34,666
Capital Reserve Fund	447,420			8,210	9,240	15,600				480,470
UCC Mission & Services	-	22,334			-	-	(19,922)			2,412
Adult Learning	2,316				-	-	(100)			2,216
Sabbatical Supply	3,217			81	-	-			1,700 Note 3	4,998
Fundsrip	-		59,230					(60,930)	1,700 Note 4,5	-
Refugee Fund	8,456	1,195			-	-	(10,000)		349 Note 1	-
	-									-
	<u>\$ 537,659</u>	<u>\$ 42,874</u>	<u>\$ 59,230</u>	<u>\$ 10,280</u>	<u>\$ 9,240</u>	<u>\$ 15,600</u>	<u>\$ (49,900)</u>	<u>\$ (60,930)</u>	<u>\$ 1,700</u>	<u>\$ 565,753</u>
				Note 6	Note 6	Note 6				

Note 1 During the year, the Leadership Circle made the decision to transfer \$349 to the Refugee Fund from the Benevolent Fund

Note 2 During the year, the Leadership Circle made the decision to transfer \$164 to the Ian MacRae Memorial Bursary Fund from the Benevolent Fund

Note 3 During the year, the Leadership Circle made the decision to transfer \$1,700 to the Sabbatical Supply Fund from Operating Fund

Note 4 During the year, the Leadership Circle made the decision to transfer \$1,700 to the Fundsrip Fund from the Benevolent Fund

Note 5 Funds are collected for the purchase of retail gift cards through Fundsrip. The amount collected and payments to Fundsrip net to zero on the Statement of Funds - Revenue and Expense.

The commission raised during the year from these activities was \$1,884 and has been included in the fundraising revenue presented in these financial statements.

Note 6 Interest and dividend income is allocated to the larger designated funds using a weighted average method. All realized and unrealized gains(losses) from mutual funds are allocated to the Capital Reserve Fund.