

THE UNITARIAN CHURCH OF VANCOUVER

FINANCIAL STATEMENTS

30 JUNE 2019

THE UNITARIAN CHURCH OF VANCOUVER

Financial Statements

For the year ended 30 June 2019

Contents

Independent Practitioners' Review Engagement Report	
Statement of Financial Position	4
Statement of Operations and Changes in Fund Balances	5
Statement of Changes in Reserve and Other Fund Balances	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 17
Schedule 1 - Schedule of Fundraising and Miscellaneous Revenue	18
Schedule 2 - Schedule of Parish Ministry, Religious Education, Music Program, Buildings and Grounds and Administrative Costs	19



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INDEPENDENT PRACTITIONERS' REVIEW ENGAGEMENT REPORT

To the Members,
The Unitarian Church of Vancouver

We have reviewed the accompanying financial statements of The Unitarian Church of Vancouver that comprise the statement of financial position as at 30 June 2019, and the statements of operations and changes in fund balances 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 are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioners' 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 practitioners perform 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.

Basis for Qualified Conclusion

In common with other organizations of this kind, The Unitarian Church of Vancouver derives revenue from the general public in the form of donations, the completeness of which is not susceptible to satisfactory review procedures. Accordingly, our review of this revenue was limited to the amounts recorded in the records of the Church and we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenses and fund balances for the years ended 30 June 2019 and 2018, current assets as at 30 June 2019 and 2018 and fund balances as at 1 July and 30 June for both the 2019 and 2018 years. Our review conclusion on the financial statements for the year ended 30 June 2019 was modified accordingly because of the possible effects of this limitation in space.



INDEPENDENT PRACTITIONERS' REVIEW ENGAGEMENT REPORT

Note 2(d) describes the amortization policy with respect to the Church's tangible capital assets indicating the Church does not amortize buildings and exterior improvements. In this respect, the financial statements are not in accordance with Canadian accounting standards for not-for-profit organizations. The effect of this departure from Canadian accounting standards for not-for-profit organizations has not been determined.

Note 2(c) describes the Church's accounting policy with respect to its investments (Note 3). In accordance with CPA Canada Handbook Section 3856 Financial Instruments Recognition and Measurement, the Church is required to measure and report these investments at fair value. In this respect, the financial statements are not in accordance with Canadian accounting standards for not-for-profit organizations. If investments were carried at fair value, the investments and fund balances at 30 June 2019 would increase by \$83,214, fund balances at 1 July 2018 would increase by \$106,565, and the excess of revenue over expense for the year ended 30 June 2019 would decrease by \$23,351.

Qualified Conclusion

Based on our review, except for the effects of the matters described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying financial statements do not present fairly, in all material respects, the financial position of The Unitarian Church of Vancouver as at 30 June 2019, 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.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act of British Columbia, we report that the accounting principles in the Canadian accounting standards for not-for-profit organizations have been applied on a consistent basis.

Rolfe, Benson LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
15 October 2019

THE UNITARIAN CHURCH OF VANCOUVER
Statement of Financial Position
30 June 2019
(Unaudited)

	General Fund		Restricted Funds		Designated Funds		Totals	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	\$	\$	\$	\$	\$	\$	\$	\$
Assets								
Current								
Cash	-	5,141	-	-	-	-	-	5,141
Prepaid expenses	6,618	6,028	-	-	-	-	6,618	6,028
Accounts receivable	12,220	13,653	-	-	-	-	12,220	13,653
GST receivable	3,474	1,300	-	-	-	-	3,474	1,300
Investments (Note 3)	319,437	289,563	424,160	416,289	308,771	347,755	1,052,368	1,053,607
	341,749	315,685	424,160	416,289	308,771	347,755	1,074,680	1,079,729
Loan receivable (Note 4)	-	-	-	-	100,000	100,000	100,000	100,000
Tangible capital assets (Note 5)	632,623	557,660	-	-	-	-	632,623	557,660
	974,372	873,345	424,160	416,289	408,771	447,755	1,807,303	1,737,389
Liabilities								
Current								
Bank overdraft	4,506	-	-	-	-	-	4,506	-
Accounts payable and accrued liabilities	53,443	30,689	-	-	-	-	53,443	30,689
Deferred revenue	13,072	26,847	-	-	-	-	13,072	26,847
Other funds - deferred contributions	58,556	57,601	-	-	-	-	58,556	57,601
	129,577	115,137	-	-	-	-	129,577	115,137
Deferred capital contributions	73,995	-	-	-	-	-	73,995	-
	203,572	115,137	-	-	-	-	203,572	115,137
Commitments (Note 6)								
Fund Balances								
Invested in tangible capital assets	558,628	557,660	-	-	-	-	558,628	557,660
Permanent endowments (Note 2 (a)(ii) c. & e.)	-	-	155,000	155,000	-	-	155,000	155,000
Externally restricted (Note 7)	-	-	269,160	261,289	-	-	269,160	261,289
Internally restricted (Note 8)	35,154	24,154	-	-	408,771	447,755	443,925	471,909
Unrestricted	177,018	176,394	-	-	-	-	177,018	176,394
	770,800	758,208	424,160	416,289	408,771	447,755	1,603,731	1,622,252
	974,372	873,345	424,160	416,289	408,771	447,755	1,807,303	1,737,389

ON BEHALF OF THE TRUSTEES:

..... Trustee

..... Trustee

The accompanying notes are an integral part of these financial statements.

THE UNITARIAN CHURCH OF VANCOUVER
Statement of Operations and Changes in Fund Balances
For the Year Ended 30 June 2019
(Unaudited)

	General Fund		Restricted Funds		Designated Funds		Totals	
	2019	2018	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
Pledges	336,314	346,034	-	-	-	-	336,314	346,034
Open collections	30,360	25,084	-	-	8,147	6,223	38,507	31,307
Other donations	3,252	23,504	-	-	41,665	21,450	44,917	44,954
Fundraising - Schedule 1	5,019	2,041	12,265	12,098	7,673	4,729	24,957	18,868
Investment income	25,842	29,121	11,241	11,871	13,192	15,566	50,275	56,558
Bequests	11,000	24,154	-	-	-	-	11,000	24,154
Miscellaneous - Schedule 1	168,512	174,760	-	-	-	-	168,512	174,760
Revenue - other funds	4,045	7,237	-	-	-	-	4,045	7,237
	584,344	631,935	23,506	23,969	70,677	47,968	678,527	703,872
Expenses								
Parish ministry - Schedule 2	142,261	141,641	-	-	-	-	142,261	141,641
Religious education - Schedule 2	51,629	56,056	-	-	-	-	51,629	56,056
Lay chaplains services	1,645	1,715	-	-	-	-	1,645	1,715
Music program - Schedule 2	46,613	51,462	-	-	-	-	46,613	51,462
Buildings and grounds - Schedule 2	103,447	119,110	-	-	-	-	103,447	119,110
Administrative - Schedule 2	172,459	168,254	-	-	-	-	172,459	168,254
Committees	7,213	4,473	-	-	-	-	7,213	4,473
Congregational services	39,238	48,849	-	-	-	-	39,238	48,849
Expenses - other funds	5,816	7,237	-	-	-	-	5,816	7,237
Fund operating expenses	-	-	15,628	15,713	111,099	61,854	126,727	77,567
	570,321	598,797	15,628	15,713	111,099	61,854	697,048	676,364
Excess (deficiency) of revenue over expenses	14,023	33,138	7,878	8,256	(40,422)	(13,886)	(18,521)	27,508
Fund balance - beginning of year	758,208	730,070	416,289	408,033	447,755	456,641	1,622,252	1,594,744
Transfers from (to) other funds	(1,431)	(5,000)	(7)	-	1,438	5,000	-	-
Fund balance - end of year	770,800	758,208	424,160	416,289	408,771	447,755	1,603,731	1,622,252

The accompanying notes are an integral part of these financial statements.

THE UNITARIAN CHURCH OF VANCOUVER
Statement of Changes in Reserve and Other Fund Balances
For the Year Ended 30 June 2019
(Unaudited)

	30 June 2018	Transfers	Collections, Donations and Bequests	Fundraising and other income	Investment Income	Expenses	30 June 2019
	\$	\$	\$	\$	\$	\$	\$
Restricted Funds (Note 7)							
Endowment Fund	172,673	-	-	-	-	-	172,673
Reverend Phillip Hewett Fund	7,472	-	-	-	347	-	7,819
Robert Koerner Fund	118,521	-	-	-	5,251	(11,009)	112,763
Robert & Anna Koerner Foundation							
Community Fund	73,276	-	12,265	-	3,669	(885)	88,325
Catharina Fortune Trust Fund	35,054	-	-	-	1,607	(936)	35,725
Reverend Sydney Amara Morris Fund	7	(7)	-	-	-	-	-
Thompson Fund	9,286	-	-	-	367	(2,798)	6,855
	416,289	(7)	12,265	-	11,241	(15,628)	424,160
Designated Funds (Note 8)							
Minister's Housing Fund	100,000	-	-	-	-	-	100,000
Outreach Opportunity Fund	3,804	-	8,147	-	-	(7,645)	4,306
Matching Donations Capital Fund	29,074	(6,505)	-	-	949	(10,819)	12,699
Campus Ministry Fund	155	-	-	-	-	-	155
Muriel Cunliffe Fund	15,868	-	-	-	737	-	16,605
Dorothy Paschal Fund	4,606	-	-	-	214	-	4,820
Elizabeth Campbell Food Security Fund	24,467	-	-	-	1,006	(5,628)	19,845
Green Fund	14,136	328	1,290	-	-	(2,000)	13,754
Brasov Fund	698	-	200	230	35	(307)	856
Publicity Fund	1,032	-	-	-	48	-	1,080
Faithful Fools Vancouver	6,077	-	-	-	-	-	6,077
Emergency Relief Fund	46	-	-	-	-	-	46
Memorial Garden Fund	4,652	-	3,592	-	-	(4,448)	3,796
Youth Graduation Fund	9,076	-	-	-	-	(1,652)	7,424
Property Maintenance Fund	97,518	5,000	-	-	4,648	-	107,166
Sheila Thompson Refugee Fund	132,648	2,615	35,218	7,443	5,389	(78,600)	104,713
Stewart Fund	1,009	-	-	-	-	-	1,009
Alhumaid Refugee Fund	-	-	1,365	-	32	-	1,397
Ted Anderson DTES Fund	2,889	-	-	-	134	-	3,023
	447,755	1,438	49,812	7,673	13,192	(111,099)	408,771
Other Funds							
Musical Instrument Fund	3,305	-	-	-	-	-	3,305
Harold Douglas Brown Fund	2,615	(2,615)	-	-	-	-	-
Choral Spectrum Fund	6,517	4,555	-	-	-	-	11,072
Women's Retreat Fund	1,235	-	-	-	-	-	1,235
Library Fund	68	-	-	-	-	-	68
Peace Fund	2,104	-	-	-	-	-	2,104
Archives Fund	8,953	-	-	-	-	(4,760)	4,193
Daytimers Fund	169	(169)	-	-	-	-	-
UCV Service Fund	32,635	-	5,000	-	-	(1,056)	36,579
	57,601	1,771	5,000	-	-	(5,816)	58,556

The accompanying notes are an integral part of these financial statements.

THE UNITARIAN CHURCH OF VANCOUVER

Statement of Cash Flows

For the Year Ended 30 June 2019

(Unaudited)

	General Fund		Restricted Funds		Designated Funds		Totals	
	2019	2018	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$
Cash provided for (used in):								
Operating activities								
Excess (deficiency) of revenues over expenses	14,023	33,138	7,878	8,256	(40,422)	(13,886)	(18,521)	27,508
Add back: Non-cash items								
Amortization	5,760	5,719	-	-	-	-	5,760	5,719
	19,783	38,857	7,878	8,256	(40,422)	(13,886)	(12,761)	33,227
Changes in non-cash items								
GST receivable	(2,174)	628	-	-	-	-	(2,174)	628
Prepaid expenses	(590)	(129)	-	-	-	-	(590)	(129)
Accounts receivable	1,433	(10,432)	-	-	-	-	1,433	(10,432)
Accounts payable and accrued liabilities	22,754	(7,294)	-	-	-	-	22,754	(7,294)
Deferred revenue	(13,775)	(6,348)	-	-	-	-	(13,775)	(6,348)
Other funds	955	5,960	-	-	-	-	955	5,960
	28,386	21,242	7,878	8,256	(40,422)	(13,886)	(4,158)	15,612
Investing activities								
Purchase and sale of investments (net)	(29,874)	(64,862)	(7,871)	(8,256)	38,984	8,886	1,239	(64,232)
Purchase of tangible capital assets	(80,723)	(5,016)	-	-	-	-	(80,723)	(5,016)
	(110,597)	(69,878)	(7,871)	(8,256)	38,984	8,886	(79,484)	(69,248)
Financing activities								
Deferred capital contributions received	73,995	-	-	-	-	-	73,995	-
Net increase (decrease) in cash	(8,216)	(48,636)	7	-	(1,438)	(5,000)	(9,647)	(53,636)
Cash - beginning of year	5,141	58,777	-	-	-	-	5,141	58,777
Interfund transfers	(1,431)	(5,000)	(7)	-	1,438	5,000	-	-
Cash (bank overdraft) - end of year	(4,506)	5,141	-	-	-	-	(4,506)	5,141

The accompanying notes are an integral part of these financial statements.

THE UNITARIAN CHURCH OF VANCOUVER
Notes to the Financial Statements
For the year ended 30 June 2019
(unaudited)

1. Purpose of the organization

The Unitarian Church (the "Church") is a liberal religious body dedicated to providing an inclusive place of worship and to promoting programs and social action that develop the social well-being, worth and dignity of all people. The Church is also a registered charity under the Income Tax Act and is therefore not subject to federal or provincial taxes providing that certain requirements are met.

2. Summary of significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

(a) Fund accounting

The Church follows the restricted fund method of accounting for contributions.

(i) General Fund

The General Fund reports the Church's program delivery and administrative activities. The General Fund includes unrestricted funds and Gifts & Bequests Fund, which is internally restricted.

(ii) Restricted and designated funds

- (a) Reverend Phillip Hewett Fund** - this fund and its income helps to offset the costs of having intern ministers perform services for the Church.
- (b) Robert Koerner Fund** - the purpose of this fund is to add new dimensions to the life and thought of the Church, and through it of the wider community, by means of educational and artistic projects. Preference is given to those projects, which are of an innovative nature. Such projects may be directed to the specific needs of children, youth adults of all ages together and, should extend beyond what can normally be expected to be financed through the regular Church budget.
- (c) Catharina Fortune Trust Fund** - this fund consists of capital contributions which donors wish to leave intact in perpetuity while allowing revenues earned to be disbursed to support direct action and education for one or more of global peace, social justice and environmental sustainability or promoting development programs for one or more such purposes in less developed countries.
- (d) Reverend Sydney Amara Morris Fund** - this fund and its income is used to support Unitarian Universalist Ministerial Students associated with the Church.

THE UNITARIAN CHURCH OF VANCOUVER
Notes to the Financial Statements
For the year ended 30 June 2019
(unaudited)

2. Summary of significant accounting policies - Continued

(a) Fund accounting - Continued

- (e) Endowment Fund - this fund consists of capital contributions, which donors wish to leave intact in perpetuity while allowing revenues earned to be disbursed for Church purposes or transferred to other funds. Interest earned is reported as revenue in the general fund.
- (f) Minister's Housing Fund - the capital of this fund is maintained to assist in the recruitment of a minister by the provision of a loan to purchase a house in Vancouver. The Church's contracts with its ministers specifies the arrangements for such loans. Interest earned is reported as revenue in the general fund.
- (g) Outreach Opportunities Fund - this fund was established to involve the congregation in active outreach and support to community projects, both those that are independent of the Church and those that have some connection to the work of the Church committees. The fund has been created to support organizations undertaking social justice, refugee support and settlement and/or environmental sustainability work with a focus on vulnerable or other marginalized communities. Preference for funding is given to groups whose work is focused primarily in Vancouver and the Lower Mainland. Interest earned is reported as revenue in the general fund.
- (h) Capital Fund - the fund and its income is used to support the Church's capital projects.
- (i) Campus Ministry Fund - this fund is used to support Unitarian ministry at B.C. post-secondary institution campuses. Interest earned is reported as revenue in the general fund.
- (j) Muriel Cunliffe Fund- this fund and its income is used to promote programs benefiting senior citizens.
- (k) Dorothy Paschal Fund - this fund and its income is used to promote the inclusion of creative arts in the lives of Church members.
- (l) Elizabeth Campbell Food Security Fund - this fund is used to provide support for the work of the Unitarian Church of Vancouver Community Kitchen Committee *Community Cooks* program.
- (m) Green Fund - this fund is used to provide additional funding for innovative projects, which seek to implement the Unitarian Church of Vancouver Mission Statement, specifically "environmental sustainability through worship, ethical action, education and artistic expression". Interest earned is reported as revenue in the general fund.

THE UNITARIAN CHURCH OF VANCOUVER
Notes to the Financial Statements
For the year ended 30 June 2019
(unaudited)

2. Summary of significant accounting policies - Continued

(a) Fund accounting - Continued

- (n) Brasov Fund - this fund and its income is used to assist the partner church in Brasov, Romania.
- (o) Publicity Fund - this fund and its income is used to generally increase awareness of Unitarianism and Unitarian activities and specifically to increase membership in the Church.
- (p) Faithful Fool's Vancouver Fund - this fund and its income is used to support the Faithful Fool's Vancouver Community Ministry. Interest earned is reported as revenue in the general fund.
- (q) Emergency Relief Fund - this fund is intended to provide emergency humanitarian or environmental relief anywhere in the world. Interest earned is reported as revenue in the general fund.
- (r) Memorial Garden Fund - this fund is used to support the development, operation and maintenance of the Church Memorial Gardens for the purpose of honouring deceased Church members, their families and friends of the Church. Interest earned is reported as revenue in the general fund.
- (s) Youth Graduation Fund - this fund was established to purchase hymnals and other appropriate gifts for graduates of the Church's Youth Program. Interest earned is reported as revenue in the general fund.
- (t) Sheilah Thompson Refugee Fund - the fund and its income is used to assist refugees of any status, including claimants, church-sponsored, government-sponsored, or jointly assisted (JAS), with medical, educational or other needs in accordance with the majority decision of the Refugee Committee in each case.
- (u) Stewart Fund - this fund was established to support youth to attend Denominational events. Interest earned is reported as revenue in the general fund.
- (v) Thompson Fund - this fund and its income is used to assist in the promotion of training for religious educators, working as Ministers and/or with youth and children, including continuing education.
- (w) Ted Anderson DTES Fund - this fund is used to support community development work in Vancouver's Downtown Eastside or other Vancouver communities as approved by the Board.
- (x) Property Maintenance Fund - this fund and its income are used to support maintenance of Church buildings and grounds.

THE UNITARIAN CHURCH OF VANCOUVER
Notes to the Financial Statements
For the year ended 30 June 2019
(unaudited)

2. Summary of significant accounting policies - Continued

(a) Fund accounting - Continued

- (y) Alhumaid Refugee Fund - the fund and its income is used to assist refugees of any status, including claimants, church-sponsored, or jointly assisted (JAS), with medical, educational or other needs in accordance with the majority decision of the Refugee Committee in each case.
- (z) Robert and Anna Koerner Foundation Community Fund - this fund is used for a project that follows any of the following purposes:
 - (i) furthering an understanding amongst young people of all nations;
 - (ii) strengthening the cultural and other ties between young people residing respectively in French Canada and in English Canada, whether by means of student exchanges or otherwise;
 - (iii) support and assist young people of ethnic groups other than French and English living in Canada, particularly those living in British Columbia;
 - (iv) support and assist refugees coming to Canada regardless of race, creed and colour;
 - (v) support and assist causes which are humanistic and liberal in character in the educations and cultural fields with emphasis upon the needs of young people.

(iii) Other funds

- (a) Musical Instrument Fund - this fund is used to purchase or repair musical instruments used for Church activities and to support the purchase of new music. Interest earned is reported as revenue in the general fund.
- (b) Choral Spectrum Fund - this fund is used to provide a fund which the Music committee can use to manage cash flow for concerts, and disburse toward special musical needs of the Church. Interest earned is reported as revenue in the general fund.
- (c) Women's Retreat Fund - this fund is used to contribute toward the cost of retreat activities for women associated with the Church. Interest earned is reported as revenue in the general fund.
- (d) Library Fund - this fund is used to contribute toward the work of the Church library. Interest earned is reported as revenue in the general fund.
- (e) Peace Fund - this fund is used to promote peace in the congregation, the community and the world by supporting the development of peace-making processes, attitudes, knowledge and skills. Interest earned is reported as revenue in the general fund.

THE UNITARIAN CHURCH OF VANCOUVER
Notes to the Financial Statements
For the year ended 30 June 2019
(unaudited)

2. Summary of significant accounting policies - Continued

(a) Fund accounting - Continued

- (f) Archives Fund - this fund is used to support the management of Church archives. Interest earned is reported as revenue in the general fund.
- (g) Daytimers Fund - this fund is used to support the activities of the Daytimers' Group. Interest earned is reported as revenue in the general fund.
- (h) UCV Service Fund - this fund is used to enable to the Church to be a truly compassionate community through the role that the service committee currently plays. Interest earned is reported as revenue in the general fund.
- (i) Harold Douglas Brown Fund - this fund is used to provide support to the Sheilah Thompson Refugee Fund. Interest earned is reported as revenue in the general fund.

(b) Revenue recognition

Restricted contributions related to general operations are deferred and recognized as revenue of the General Fund in the year the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund when received.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest income earned on certain externally and internally restricted fund assets is recognized as revenue in the applicable fund in the period the investment income is earned.

(c) Investments

Investments are recorded at cost. Where there is a decline in the value of the investment which is considered to be other than a temporary decline, the investment is written down to recognize the loss.

THE UNITARIAN CHURCH OF VANCOUVER
Notes to the Financial Statements
For the year ended 30 June 2019
(unaudited)

2. Summary of significant accounting policies - Continued

(d) Tangible capital assets

Office and other equipment are recorded at cost and amortized over their estimated useful lives using the declining balance method at the following annual rates:

Furniture and equipment	20%
Computer hardware	30%

An insurance appraisal of the Church buildings and exterior improvements was conducted in 1989, indicating a replacement cost of \$1,690,000. This replacement cost estimate does not include land. As the appraised replacement cost estimate exceeds cost, amortization has not been provided for in these financial statements and this policy is not in accordance with Canadian accounting standards for not-for-profit organizations.

The Church is unable to quantify this departure as information on acquisition dates is not available.

(e) 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 that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingencies at the date of the statement of financial position. Actual results could differ from those estimates. There are no significant estimates recorded in the financial statements.

(f) Foreign currency transactions

Transactions denominated in foreign currencies are recorded in Canadian dollars at the exchange rate prevailing at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted to Canadian dollars at the exchange rate prevailing at the balance sheet date. Exchange gains or losses are recorded in the statement of earnings for the period.

THE UNITARIAN CHURCH OF VANCOUVER
Notes to the Financial Statements
For the year ended 30 June 2019
(unaudited)

2. Summary of significant accounting policies - Continued

(g) Financial instruments classification

(i) Measurement of financial instruments

The Church initially measures its financial assets and liabilities at fair value and subsequently measures all of its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, investments, accounts receivable and loan receivable.

Financial liabilities measured at amortized cost include bank overdraft, accounts payable and accrued liabilities.

(ii) Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

(iii) Transaction costs

The Church recognizes its transaction costs in the statement of operations in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

3. Investments

	2019	2019	2018	2018
	Cost	Market Value	Cost	Market Value
Marketable securities	\$ 1,052,368	\$ 1,135,582	\$ 1,053,607	\$ 1,160,172

THE UNITARIAN CHURCH OF VANCOUVER
Notes to the Financial Statements
For the year ended 30 June 2019
(unaudited)

4. Loan receivable

In 2015, the Church agreed to lend the Minister \$100,000 from the Minister's Housing Fund for the purpose of purchasing a house. The loan bears interest at 0% per annum while the Minister continues to be employed by the Church; the loan will bear interest at 5% per annum compounded annually for any period it remains outstanding following the termination of the Minister's employment.

The loan is repayable at the earlier of:

- (a) The date the house is sold and the Minister receives the proceeds of the sale, and
- (b) Six months following the conclusion of the Minister's employment by the Church.

5. Tangible capital assets

	Cost	Accumulated Amortization	2019 Net	2018 Net
Land and buildings	\$ 609,606	\$ -	\$ 609,606	\$ 535,389
Furniture and equipment	238,779	223,603	15,176	18,969
Computer hardware	18,691	10,850	7,841	3,302
	<u>\$ 867,076</u>	<u>\$ 234,453</u>	<u>\$ 632,623</u>	<u>\$ 557,660</u>

The Church tests long-lived assets for impairment when events or circumstances indicate that their carrying amount may not be recoverable. Impairment exists when the carrying value of the asset is greater than the undiscounted future cash flows expected to be provided by the asset. The amount of impairment loss, if any, is the excess of the carrying value over its fair value and the loss is recorded in the period when it is determined. No impairment losses were determined by management to be necessary for the year.

6. Commitments

The Church is committed to minimum lease payments for its equipment over the term of the lease expiring in 2023.

The minimum annual lease payments for the next five years are as follows:

2020	\$ 2,976
2021	2,976
2022	2,976
2023	<u>744</u>
	<u>\$ 9,672</u>

THE UNITARIAN CHURCH OF VANCOUVER
Notes to the Financial Statements
For the year ended 30 June 2019
(unaudited)

7. Externally restricted fund balances

These funds can only be used in accordance with the original donors' intentions. In the Statement of Changes in Reserve and Other Fund Balances, the externally restricted fund balances are recorded as "Restricted Funds".

8. Internally restricted fund balances

These amounts are not available for general use without the prior approval of the Board of Trustees. In the Statement of Changes in Reserve and Other Fund Balances, the internally restricted funds are recorded as "Designated Funds".

9. The British Columbia Societies Act

The new British Columbia Societies Act ("the Act") came into effect 28 November 2016. The Act requires a society (other than a society designated as a member-founded society) to include, in its financial statements, the disclosure of any remuneration paid to its directors, and remuneration paid to employees and contractors earning more than \$75,000 during the fiscal year. For the fiscal year ended 30 June 2019, the Church had one employee with remuneration in excess of \$75,000, and the total amount of his remuneration was \$131,237 (2018 - \$134,645) and the Church made no distributions to any directors for the fiscal year ended 30 June 2019 or 2018.

10. Financial instruments

The Church is exposed to various risks through its financial instruments. The following analysis provides a measure of the Church's risk exposure and concentrations at the statement of financial position date, 30 June 2019.

(a) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Church is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Church manages liquidity risk by maintaining adequate cash. There has been no change to the risk exposure from the prior year.

(b) 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 other price risk.

THE UNITARIAN CHURCH OF VANCOUVER
Notes to the Financial Statements
For the year ended 30 June 2019
(unaudited)

10. Financial instruments - Continued

(c) Currency risk

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. The Church is exposed to this risk mainly in respect of its cash and bank accounts denominated in US dollars. There has been no change to the risk exposure from the prior year.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Church is exposed to interest rate risk on its fixed interest rate financial instruments. Fixed-rate instruments subject the Church to a fair value risk. The Church interest-bearing assets include investments in marketable securities; these are held with a financial institution.

(e) 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. The Church is exposed to other price risk through its investments.

THE UNITARIAN CHURCH OF VANCOUVER
Schedule 1 - Schedule of Fundraising and Miscellaneous Revenue
For the Year Ended 30 June 2019
(Unaudited)

	2019	2018
Fundraising		
Other fundraising - net	\$ 5,019	\$ 3,278
Miscellaneous		
Use of premises - net	\$ 155,603	\$ 153,675
Foreign exchange gain (loss)	4,358	(1,237)
Special services - net	7,969	5,300
Insurance proceeds and miscellaneous	582	15,785
	<u>\$ 168,512</u>	<u>\$ 173,523</u>

THE UNITARIAN CHURCH OF VANCOUVER
Schedule 2 - Schedule of Parish Ministry, Religious Education,
Music Program, Buildings and Grounds and Administrative Costs
For the Year Ended 30 June 2019
(Unaudited)

	2019	2018
Parish Ministry		
Salary and benefits	\$ 142,261	\$ 141,641
Religious Education		
Religious education - salaries and benefits	\$ 49,980	\$ 53,303
Children's and child care programs (recovery)	1,089	1,767
Youth program	837	551
OWL Program	346	765
Adult program (recovery)	(623)	(330)
	<u>\$ 51,629</u>	<u>\$ 56,056</u>
Music Program		
Salaries and benefits	\$ 33,073	\$ 32,371
Leads	9,940	10,872
Guest musician fees	5,215	5,730
Music purchases and miscellaneous costs	6,038	6,286
Instrumental and choral spectrum concerts revenue	(7,653)	(3,797)
	<u>\$ 46,613</u>	<u>\$ 51,462</u>
Buildings and Grounds		
Salaries and benefits	\$ 41,403	\$ 39,969
Utilities	18,058	18,368
Building and ground maintenance	32,259	43,298
Other costs	11,727	17,475
	<u>\$ 103,447</u>	<u>\$ 119,110</u>
Administrative Costs		
Salaries and benefits	\$ 110,348	\$ 114,287
Accounting and legal costs	12,300	7,411
Insurance	15,293	13,734
Office	4,225	3,776
Photocopier, postage and meter	3,933	1,247
Telephone costs	3,204	3,851
Payroll charges	2,162	2,079
Other costs	15,234	16,150
Amortization	5,760	5,719
	<u>\$ 172,459</u>	<u>\$ 168,254</u>