

**WESTMINSTER UNITED CHURCH (BN 119294742 RR 0001)
1850 ROSSLAND ROAD EAST, WHITBY, ONTARIO, L1N 3P2**

FINANCIAL STATEMENTS

DECEMBER 31, 2023

DRAFT 27/02/2024

WESTMINSTER UNITED CHURCH

DECEMBER 31, 2023

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Operations and Changes in Fund Balances	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 12

INDEPENDENT AUDITOR'S REPORT

To the Members of Westminster United Church:

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Westminster United Church ("the Church"), which comprise the statement of financial position as at December 31, 2023, and the statement of operations and changes in fund balances and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Church, as at December 31, 2023 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the Church derives part of its revenue from cash donations and fundraising events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues 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 revenues and fundraising income, excess of revenues over expenses, and fund balances.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Church in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Church's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Church or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the the Church's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Church's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the the Church's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Church to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matter

The financial statements of the Church for the year ended December 31, 2022, were reviewed by our firm who expressed a qualified opinion on those statements on March 13, 2023.

Whitby, Ontario
DRAFT

Chartered Professional Accountants
Licensed Public Accountants

WESTMINSTER UNITED CHURCH (WHITBY, ONTARIO)

STATEMENT OF FINANCIAL POSITION

as at December 31
2023 2022

ASSETS		
CURRENT		
Cash	\$ 294,789	\$ 238,322
Short-term investments	5,987	5,987
HST receivable	3,901	4,772
Accounts receivable	1,846	1,102
Prepaid expenses	<u>9,500</u>	<u>-</u>
	316,023	250,183
PROPERTY AND EQUIPMENT (Note 2)	<u>1,447,871</u>	<u>1,480,112</u>
	<u>\$ 1,763,894</u>	<u>\$ 1,730,295</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 3)	\$ 32,477	\$ 20,091
Deferred revenue (Note 10)	28,545	-
Canada Emergency Business Account Loan (Note 5)	-	40,000
Current portion of mortgage payable (Note 7)	24,196	24,101
Current portion of promissory note payable (Note 8)	<u>3,300</u>	<u>3,300</u>
	88,518	87,492
DEFERRED CONTRIBUTIONS (Notes 6 and 10)	644,100	583,267
MORTGAGE PAYABLE (Note 7)	214,294	305,485
PROMISSORY NOTE PAYABLE (Note 8)	<u>26,675</u>	<u>29,700</u>
	<u>973,587</u>	<u>1,005,944</u>
FUND BALANCES		
LOCAL FUND (Unrestricted)	751,142	699,083
CAPITAL FUND (Internally restricted)	26,818	12,163
PANTRY FUND (Restricted)	<u>12,347</u>	<u>13,105</u>
	<u>790,307</u>	<u>724,351</u>
	<u>\$ 1,763,894</u>	<u>\$ 1,730,295</u>

APPROVED ON BEHALF OF THE BOARD:

_____ Director

WESTMINSTER UNITED CHURCH (WHITBY, ONTARIO)

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

for the year
ended December 31
2023 2022

	Unrestricted	Internally restricted	Restricted		Total	Total
	Local Fund	Capital Fund	Mission & Service Fund	The Pantry Fund		
REVENUE						
Contributions	\$ 357,420	\$ 9,726	\$ 31,681	\$ 20,271	\$ 419,098	\$ 369,836
Rental income	106,079	-	-	-	106,079	64,561
UCC restorative care payments	35,785	-	-	-	35,785	7,522
Amortization of deferred capital contributions (Note 6)	24,712	-	-	-	24,712	24,303
Loblaws fundraising	22,000	-	-	-	22,000	16,500
UCC Thrive grant	20,000	-	-	-	20,000	7,522
Other fundraising	8,945	10,045	-	-	18,990	8,617
Grants and other income	5,443	-	-	-	5,443	7,522
Donations in-kind	966	-	-	-	966	927
Gain (loss) on sale of investments	(26)	-	-	-	(26)	106
	<u>581,324</u>	<u>19,771</u>	<u>31,681</u>	<u>20,271</u>	<u>653,047</u>	<u>492,372</u>
EXPENSES						
Salaries and benefits	242,072	-	-	-	242,072	267,922
Professional fees	64,374	-	-	-	64,374	38,051
Amortization	51,530	-	-	-	51,530	52,936
Facilities	50,495	-	-	-	50,495	46,720
Mission and service fund commitment	-	-	31,681	-	31,681	28,503
Property committee	22,315	-	-	-	22,315	14,952
Foodbank expenditures	-	-	-	21,029	21,029	18,214
Loblaws fundraising	20,900	-	-	-	20,900	15,675
United Church of Canada assessment	16,874	-	-	-	16,874	15,470
Insurance	14,104	-	-	-	14,104	16,482
Worship committee	11,743	-	-	-	11,743	6,939
Outreach committee	9,560	-	-	-	9,560	11,638
General and office	7,681	-	-	-	7,681	8,080
Mortgage interest	7,485	-	-	-	7,485	8,559
Christian education committee	4,760	-	-	-	4,760	4,549
Other fundraising	2,091	2,091	-	-	4,182	3,288
Board of management/stewardship	2,926	-	-	-	2,926	175
Bank charges	1,925	-	-	-	1,925	2,902
Wellness committee	1,430	-	-	-	1,430	816
Communications committee	25	-	-	-	25	25
Staff travel expense	-	-	-	-	-	113
	<u>532,290</u>	<u>2,091</u>	<u>31,681</u>	<u>21,029</u>	<u>587,091</u>	<u>562,009</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	49,034	17,680	-	(758)	65,956	(69,637)
GOVERNMENT ASSISTANCE (Note 10)	-	-	-	-	-	16,356
LOSS ON DISPOSAL OF PROPERTY AND EQUIPMENT	-	-	-	-	-	(280)
TOTAL EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	49,034	17,680	-	(758)	65,956	(53,561)
FUND BALANCES , beginning of year	699,083	12,163	-	13,105	724,351	777,912
Interfund transfers (Note 9)	3,025	(3,025)	-	-	-	-
FUND BALANCES, end of year	\$ 751,142	\$ 26,818	\$ -	\$ 12,347	\$ 790,307	\$ 724,351

WESTMINSTER UNITED CHURCH (WHITBY, ONTARIO)**STATEMENT OF CASH FLOWS****for the year
ended December 31**
2023 **2022****OPERATING ACTIVITIES**

Excess (deficiency) of revenues over expenditures	\$ 65,956	\$ (53,561)
Items not involving cash:		
Amortization of property and equipment	51,530	52,936
Loss on disposal of property and equipment	-	280
Amortization of deferred contribution	<u>(23,331)</u>	<u>(24,303)</u>
	94,155	(24,648)
Net change in non-cash working capital balances (Note 11)	<u>31,558</u>	<u>13,841</u>

125,713 **(10,807)****INVESTING ACTIVITY**

Additions to property and equipment	<u>(19,288)</u>	<u>(41,033)</u>
-------------------------------------	-----------------	-----------------

FINANCING ACTIVITIES

Deferred contributions received	84,163	-
Repayment of mortgage payable	(91,096)	(23,481)
Repayment of promissory note payable	(3,025)	-
Proceeds from promissory note payable	-	33,000
Repayment of CEBA loan	<u>(40,000)</u>	<u>-</u>
	<u>(49,958)</u>	<u>9,519</u>

NET CHANGE IN CASH POSITION**56,467** **(42,321)**

CASH POSITION, beginning of year

238,322 280,643

CASH POSITION, end of year

\$ 294,789 \$ 238,322

DRAFT 27/02/2024

WESTMINSTER UNITED CHURCH (WHITBY, ONTARIO)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

Westminster United Church (the "Church") is located in Whitby, Ontario, and is a separate congregation of the United Church of Canada as provided for in *The United Church of Canada Act* of 1925. The Church is a registered charitable organization under the *Income Tax Act* of Canada and as such is exempt from income taxes.

The objectives of the Church are to share the good news of Jesus Christ and to provide a spiritual home for worship, celebration of the sacraments, and Christian education.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and are in accordance with Canadian generally accepted accounting principles (GAAP). The Church's significant accounting policies are as follows:

Cash

Cash consists of cash on hand and balances with banks.

Short-term investments

Short-term investments are held in equity shares of a credit union and are capable of reasonably prompt liquidation.

Property and equipment

Property and equipment are recorded at cost. Amortization is provided on the declining-balance method at the following annual rates:

Building	4%
Parking Lot	8%
Furniture and fixtures	20%
Sign	20%
Security system	20%
Computer, sound, and video equipment	30%

Fund accounting

The Church follows the restricted fund method of accounting for contributions and reporting of expenses. The following is a description of the funds reported in the financial statements of the Church.

Local Fund

The local fund reports assets, liabilities, revenue, and expenses related to the Church's conduct of worship services and ministry to the congregation. The Local fund is funded by contributions designated to pay for the general expenses of the Church as well as the operation of the following committees: Stewardship, Property, Outreach, Christian Education, Worship, and Ministry and Personnel.

1. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

Capital Fund

The Capital Fund is an internally restricted fund that was established to accumulate funds necessary to repair the Church's facilities and for the purchase of property and equipment, including but not limited to the HVAC replacement project. Any surplus funds in this account may be transferred to the local fund contingent upon approval from the Church's Council.

Mission and Service Fund

The Mission and Service Fund is funded by contributions designated to provide relief for specific organizations and causes. Offerings received by the Church and designated to the Mission and Service Fund are restricted and are transferred to the United Church of Canada on a monthly basis.

Pantry Fund

The Pantry Fund is used to fund and maintain a food bank as part of the Church's outreach to the community.

Revenue recognition

Contributions and offerings through collections and envelope givings, and bequests, are recognized as revenues when received or receivable, if the amount to be received can be reasonably estimated and the collection is reasonably assured, using the restricted fund method of accounting.

Rental income is recognized at the time of use of the Church's facilities.

Fundraising income is recognized at the time of the sale of the fundraising items.

The deferred contributions relating to the forgiveness of the second mortgage and the current year donations designated for repayment of the mortgage are amortized and recognized as revenue on a declining balance basis using an annual rate of 4%, same as the amortization of the building purchased with the contribution. Deferred contributions relating to the purchase of sound and video equipment will be amortized and recognized as revenue on a declining balance basis using an annual rate of 30%, same as the amortization of the sound and video equipment purchased with the grant commencing in 2024.

Other income is recognized when received or receivable, if the amount to be received can be reasonably estimated and the collection is reasonably assured.

Deferred grants are recognized as revenue in the year the related expenses are incurred.

Donations in-kind are recognized as revenue when received, at fair value.

Gain on sale of investments is recognized when the investments are sold.

Government assistance is recorded in the financial statements when there is reasonable assurance that the Church has complied with, and will continue to comply with, all conditions necessary to obtain the assistance.

Contributed services

These financial statements do not reflect the substantial value of services contributed by volunteers because of the difficulty of determining its fair value.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

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

Financial assets measured at amortized cost include cash, short-term investments and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and mortgage payable, promissory note payable, and the CEBA loan.

Impairment

[i] Long-lived amortizing assets

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Impairment is assessed by comparing the carrying amount of an asset to be held and used with the total of the undiscounted cash flows expected from its use and disposition. If the asset is impaired, the impairment loss to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value, generally determined on a discounted cash flow basis. Any impairment results in a write-down of the asset and a charge to revenue and expenses during the year. An impairment loss is not reversed if the fair value of the related long-lived asset subsequently increases.

[ii] Financial assets measured at amortized cost

When there are indications of possible impairment, the Church determines if there has been a significant adverse change to the expected timing or amounts of future cash flows expected from the financial asset. The amount of any impairment loss is determined by comparing the carrying amount of the financial asset with the highest of three amounts:

- i. The present value of the cash flows expected to be generated by holding the asset, discounted using a current market rate of interest appropriate to that asset;
- ii. The amount that could be realized by selling the asset at the date of the statement of financial position; and,
- iii. The amount expected to be realized by exercising its rights to any collateral held to secure repayment of the asset, net of all costs necessary to exercise those rights.

Reversals are permitted, but the adjusted carrying amount of the financial asset shall be no greater than the amount that would have been reported at the date of the reversal has the impairment not been recognized.

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 amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the estimated useful life of property and equipment and the completeness of accrued liabilities. Actual results could differ from those estimates.

WESTMINSTER UNITED CHURCH (WHITBY, ONTARIO)**NOTES TO THE FINANCIAL STATEMENTS****December 31, 2023****2. PROPERTY AND EQUIPMENT**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2023</u>	<u>2022</u>
Land	\$ 325,000	\$ -	\$ 325,000	\$ 325,000
Building	2,392,378	1,318,702	1,073,676	1,118,413
Parking lot	53,853	44,123	9,730	10,576
Furniture and fixtures	200,570	189,607	10,963	10,515
Sign	11,603	9,851	1,752	2,190
Security system	10,027	2,808	7,219	9,024
Computer, sound and video equipment	25,733	6,202	19,531	4,394
	<u>\$ 3,019,164</u>	<u>\$ 1,571,293</u>	<u>\$ 1,447,871</u>	<u>\$ 1,480,112</u>

Included in computer equipment are costs of \$16,455 relating to equipment purchased for the Youth and Audio Upgrade Initiative Program. Amortization of this equipment will commence in 2024 with the start of this project.

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances of \$nil (2022 - \$nil).

4. OPERATING LINE OF CREDIT

An operating line of credit in the amount of \$25,000 bearing interest at the rate of prime plus 7% is secured by all general assets of the Church. There is no balance owing on this line of credit as of December 31, 2023.

5. CANADA EMERGENCY BUSINESS ACCOUNT LOAN

The Church applied for and received the \$60,000 Canada Emergency Business Account (CEBA) loan through Canadian Imperial Bank of Commerce. This loan represents the Canada Emergency Business Account (CEBA) loan provided by the Government of Canada to provide capital to organizations to see them through the current challenges caused by the COVID-19 outbreak. The loan is unsecured.

The loan is interest free to December 31, 2023. This loan was repaid during the year and \$20,000 of the loan was forgiven.

WESTMINSTER UNITED CHURCH (WHITBY, ONTARIO)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

6. DEFERRED CONTRIBUTIONS

On December 31, 2015 the second mortgage related to the construction of the church was forgiven and has been recognized in the financial statements as a deferred contribution. During the year, the Church received donations totalling \$69,090 to be directed to the mortgage. During the year, the Church also received funding of \$16,455 for the purchase of electronic equipment as part of the Youth and Audio Upgrade Initiative Program funded by the Durham Community Foundation Grant. This funding will be amortized into income commencing in 2024.

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 583,267	\$ 607,570
Add: contributions received	85,545	-
Less: amounts amortized to revenue	<u>(24,712)</u>	<u>(24,303)</u>
Balance, end of year	<u>\$ 644,100</u>	<u>\$ 583,267</u>

7. MORTGAGE PAYABLE

	<u>2023</u>	<u>2022</u>
Mortgage payable, 2.5% interest, monthly blended repayments of \$2,670, due July 2034.	\$ 238,490	\$ 329,586
Less: current portion	<u>24,196</u>	<u>24,101</u>
	<u>\$ 214,294</u>	<u>\$ 305,485</u>

Principal repayment required in subsequent years is as follows:

2024	\$ 24,196
2025	27,021
2026	27,700
2027	28,396
2028	29,102
thereafter	<u>102,075</u>
	<u>\$ 238,490</u>

WESTMINSTER UNITED CHURCH (WHITBY, ONTARIO)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

8. PROMISSORY NOTE

As at December 31, 2023, the Company has a \$29,975 promissory note payable to the Toronto United Church Council. This loan is unsecured with 0% interest rate up to January 1, 2028 and 1% per annum interest rate after January 1, 2028. The promissory note is due on January 1, 2033 with monthly payments of \$275.

Principal repayment required in subsequent years is as follows:

2024	\$ 3,300
2025	3,300
2026	3,300
2027	3,300
2028	3,300
thereafter	<u>13,750</u>
	<u>\$ 30,250</u>

9. INTERFUND TRANSFER

During the year, \$3,025 (2022 - \$3nil) was transferred from the Capital Fund to the Local Fund for the principal repayment of the promissory note.

10. GOVERNMENT ASSISTANCE

The following table represents government assistance received during the year.

	<u>2023</u>	<u>2022</u>
Ontario grant to support anti-hate security measures	\$ -	\$ 10,000
Canada summer jobs grant	-	4,007
Ontario business costs rebate program - energy	-	<u>2,349</u>
	<u>\$ -</u>	<u>\$ 16,356</u>

The amounts received have been credited directly to income. No amounts are repayable in respect of these subsidies and grants.

The church also received \$45,000 from the Community Services Fund through the Durham Community Foundation. \$28,545 is included in deferred revenue as the funds have not yet been spent according to the grant. \$16,455 is included in deferred contributions and will be included in income in the future as the video and sound equipment purchased with this grant are amortized commencing in 2024.

WESTMINSTER UNITED CHURCH (WHITBY, ONTARIO)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

11. CHANGES IN NON-CASH WORKING CAPITAL

Cash otherwise available from operating activities is influenced by increases and decreases in the following items:

	<u>2023</u>	<u>2022</u>
HST receivable	\$ 871	\$ (2,655)
Accounts receivable	(744)	5,857
Prepaid expenses	(9,500)	-
Accounts payable and accrued liabilities	12,386	10,639
Deferred revenue	28,545	-
	<u>\$ 31,558</u>	<u>\$ 13,841</u>

12. COMMITMENTS

The Church has entered into contractual agreements for snow plowing and salting services, bookkeeping services and other professional services, and a copier. Minimum payments on these agreements over the next two years are as follows:

2024	\$ 20,464
2025	<u>677</u>
	<u>\$ 21,141</u>

13. FINANCIAL INSTRUMENTS - RISKS AND UNCERTAINTIES

The following table shows the carrying amounts of the indicated financial assets:

	<u>2023</u>	<u>2022</u>
Financial assets measured at amortized cost:		
Cash	\$ 294,789	\$ 238,322
Short-term investments	5,987	5,987
HST receivable	3,901	4,772
Accounts receivable	<u>1,846</u>	<u>1,102</u>
	<u>\$ 306,523</u>	<u>\$ 250,183</u>

It is management's opinion that the Church is exposed to liquidity risk.

Liquidity risk is the risk that the Church will encounter difficulty in meeting a demand for cash or fund obligations as they become due. The Church meets its liquidity requirements by preparing and monitoring an annual budget for operations.